

Historic, Archive Document

Do not assume content reflects current scientific knowledge, policies, or practices.

1.9
AG-81 EXP



U.S. DEPARTMENT OF AGRICULTURE

1995 BUDGET EXPLANATORY NOTES FOR COMMITTEE ON APPROPRIATIONS

VOLUME 2

FARM AND INTERNATIONAL TRADE

RURAL ECONOMIC AND COMMUNITY DEVELOPMENT

FOOD, NUTRITION AND CONSUMER SERVICES

GENERAL PROVISIONS

REORGANIZATION

FY 1995 EXPLANATORY NOTES -- VOLUME 2
CONTENTS

Page

FARM AND INTERNATIONAL TRADE

Federal Crop Insurance Corporation	21-1
Administrative and Operating Expenses	21-7
Federal Crop Insurance Fund	21-15
Agricultural Stabilization and Conservation Service	22-1
Salaries and Expenses	22-9
Agricultural Conservation Program	22-22
Colorado River Basin Salinity Control Program	22-30
Conservation Reserve Program	22-36
Dairy Indemnity Program	22-43
Emergency Conservation Program	22-45
Forestry Incentives Program	22-52
Rural Clean Water Program	22-57
Water Bank Program	22-63
Wetlands Reserve Program	22-67
Commodity Credit Corporation	23-1
Public Law 480	24-1
Foreign Agricultural Service	25-1
General Sales Manager	25-20

RURAL ECONOMIC AND COMMUNITY DEVELOPMENT

Farmers Home Administration	26-1
Salaries and Expenses	26-19
Agricultural Credit Insurance Fund	26-35
Agricultural Resource Conservation Demonstration Program	26-55
State Mediation Grants	26-57
Outreach for Socially Disadvantaged Farmers	26-59
Rural Housing Insurance Fund	26-60
Rental Assistance Grants	26-78
Rural Housing Voucher Program	26-82
Very-Low Income Housing Repair Grants	26-83
Rural Housing for Domestic Farm Labor Grants	26-85
Mutual and Self-Help Housing Grants	26-87
Rural Housing Preservation Grants	26-89
Compensation for Construction Defects	26-91
Supervisory and Technical Assistance Grants	26-93
Self-Help Housing Land Development Program	26-94
Rural Development Administration	27-1
Rural Development Insurance Fund	27-4
Rural Development Loan Fund	27-16
Rural Telecommunication Partnership Loan Program	27-21
Rural Water and Waste Disposal Grants	27-24
Emergency Community Water Assistance Grants	27-27
Rural Business Enterprise Grants	27-30
Solid Waste Management Grants	27-34
Rural Community Fire Protection Grants	27-36
Rural Technology and Cooperative Development Grants	27-38
Local Technical Assistance and Planning Grants	27-39
Alcohol Fuels Credit Guarantee Program	27-41
Rural Electrification Administration	28-1
Rural Electrification and Telephone Loans	28-8
Rural Telephone Bank	28-22
Rural Economic Development Grants	28-27
Distance Learning and Medical Link Programs	28-28
Salaries and Expenses	28-30
Alternative Agricultural Research and Commercialization	29-1

FOOD, NUTRITION AND CONSUMER SERVICES

Human Nutrition Information Service	30-1
Food and Nutrition Service	31-1
Child Nutrition Programs	31-20
Special Milk Program	31-33
Special Supplemental Food Program (WIC)	31-36
Commodity Supplemental Food Program (CSFP)	31-41
Food Stamp Program	31-45
Nutrition Assistance for Puerto Rico	31-53
Food Donations for Selected Groups	31-55
Emergency Food Assistance Program	31-61
Food Program Administration	31-64
<u>GENERAL PROVISIONS</u>	32-1
<u>REORGANIZATION</u>	33-1

FEDERAL CROP INSURANCE CORPORATION

Purpose Statement

The purpose of the Federal Crop Insurance Corporation (FCIC) is to promote the national welfare by improving the economic stability of agriculture through a secure system of crop insurance. FCIC is a wholly-owned Government Corporation created February 16, 1938 (7 U.S.C. 1501). The program was amended by Public Law 96-365, dated September 26, 1980, to provide for nationwide expansion of a comprehensive crop insurance program.

The Federal Crop Insurance Corporation is charged with providing an actuarially sound, cost-sharing insurance program for agricultural producers to protect against production losses due to unavoidable causes. The crop insurance program constitutes a joint effort between the Government and the private insurance industry, including reinsured companies and sales and service contractors.

Major Activities

The Federal Crop Insurance Corporation comprises the following major activities:

(1) Research and Development is responsible for the review and analysis of crop insurance programs and the establishment and maintenance of rates and coverages for crops in each county. This activity also includes the evaluation of current crop programs and policies and the development of strategies for increasing participation in the crop insurance program.

(2) Reinsured Companies are private insurance companies reinsured by FCIC that market and provide full service (including loss adjustment and claims processing) on crop insurance policies and bear increasing risk on such policies.

(3) Agency Sales and Service Contractors and Loss Adjustment Contractors are private companies which contract with FCIC to sell and service FCIC crop insurance policies, but do not assume any risk. This activity also includes contracting with independent claims adjusters who perform loss adjustment services for insureds holding FCIC policies sold by Sales and Service Contractors. This activity also includes all FCIC efforts directed toward development of claims adjustment procedures and quality control on the independent claims adjusters. These contracts will be phased out for the 1995 crop year.

(4) Insurance Services consists of the generation and administration of reinsurance agreements and agency sales and service contracts. This activity includes all phases of program administration, including directing Regional Service Offices throughout the country which provide services for all program participants.

(5) Program Management and Administrative Support, includes the Board of Directors, the Manager's Office, staff offices reporting directly to the Manager's Office, as well as personnel management, budget, finance and accounting, information resources management, internal controls, and support services. Compliance, which provides oversight and quality control of reinsured and FCIC program service operations, is also included in this activity.

General Administration

The various crop insurance programs are formulated, implemented, and monitored by the FCIC headquarters office located in Washington, D.C., and its national operations office located in Kansas City, Missouri. The program is administered in the field through Regional Service Offices and Compliance Offices. Policy sales and servicing at the local level is performed primarily by private sector agents, operating for

agents of reinsured companies and Federal contractors (under Agency Sales and Service Contracts). The adjustment of losses is performed by reinsured companies for their policies and by independent loss adjusters under contract with FCIC for policies sold under Agency Sales and Service Contracts. ASCS provides sales and service support on a reimbursable basis for the Corporation in areas where agents are not readily available.

The Agency Sales and Service Contractors process and electronically transmit to the USDA National Computer Center all data from Federally-insured policies except claims. The FCIC Kansas City office assists in the processing of all insurance information (except those of the reinsured companies), records detailed accounting and statistical data, and prepares the required accounting, statistical, and management reports for business. These contracts have been phased out for FY 1995 and subsequent years.

The Reinsured Companies process the insurance documents, bill and collect premium, and pay losses according to stipulations within the insurance policy and the reinsurance agreement with FCIC. The companies electronically transmit to the USDA's National Computer Center, at least weekly, all data required under the reinsurance agreement in order to receive their contracted reimbursements. The FCIC Actuarial and Comptroller's Kansas City offices assist in the processing of all insurance data, record detailed accounting and statistical data, and prepares the required accounting, statistical, and management reports for business.

As of September 30, 1993, there were 823 total employees with 707 permanent full-time and 116 other employees. Of the total employees, 129 permanent full-time and 13 other were located in the Washington, D.C., offices.

A summary of changes in capital for fiscal year 1993, and estimates for fiscal years 1994 and 1995, follows:

	F.Y. 1993 Actual	F.Y. 1994 Estimated	F.Y. 1995 Estimated
NET CAPITAL, BEGINNING OF YEAR...	\$498,350,000	\$749,942,000	\$599,294,000
Additions to Capital:			
Appropriation (Prem. Subsidy).....	241,189,000	188,722,000	219,107,000
CCC Transfer.....	500,000,000	370,073,000	128,936,000
Appropriation (Admin. Exp. Reim.).	44,605,000	47,072,000	0
Subtotal.....	1,284,144,000	1,355,809,000	947,337,000
Income:			
Producer Premium:			
Government.....	41,877,000	40,773,000	6,126,000
Reinsurance.....	520,055,000	554,411,000	618,021,000
Total Income.....	561,932,000	595,184,000	624,147,000
Expenses:			
Government Indemnities.....	80,907,000	70,299,000	10,210,000
Reinsurance Indemnities.....	967,415,000	1,118,327,000	1,006,729,000
Total Indemnities.....	1,048,322,000	1,188,626,000	1,016,939,000
Admin. Expenses Paid by the Fund..	47,812,000	50,073,000	64,433,000
Total Expenses.....	1,096,134,000	1,238,699,000	1,081,372,000
Net Income or Loss(-).....	(534,202,000)	(643,515,000)	(457,225,000)
Payment of Treasury Note	0	(113,000,000)	0
NET CAPITAL, END OF YEAR.....	\$749,942,000	\$599,294,000	\$490,112,000
Analysis of Capital:			
Capital Stock.....	\$500,000,000	\$500,000,000	\$500,000,000
Treasury Borrowing.....	113,000,000	0	0
CCC Transfers.....	3,588,000,000	3,958,073,000	4,087,009,000
Paid in surplus.....	39,978,470	39,978,470	39,978,470
Appropriation (premium subsidy).....	1,795,367,000	1,984,089,000	2,203,196,000
Appropriation (reimbursement of A&O expenses).....	282,198,619	329,270,619	329,270,619
Cumulative Surplus or Deficit(-).....	(5,568,602,089)	(6,212,117,089)	(6,669,342,089)
NET CAPITAL, END OF YEAR.....	\$749,942,000	\$599,294,000	\$490,112,000

FEDERAL CROP INSURANCE CORPORATION

Available Funds and Staff-Years
1993 Actual and Estimated 1994 and 1995

	1993 Actual	:	1994 Estimated	:	1995 Estimated	
	:Staff-:		:Staff-:		:Staff-:	
	Amount	:Years	Amount	:Years	Amount	:Years
ADMINISTRATIVE AND	:	:	:	:	:	:
OPERATING EXPENSES:	:	:	:	:	:	:
A&O Appropriation....	<u>\$309,740,870:</u>	<u>800</u>	<u>\$290,116,000:</u>	<u>825</u>	<u>\$285,862,000:</u>	<u>825</u>
FCIC FUND:	:	:	:	:	:	:
Premium Subsidy.....	241,189,000:	---	188,722,000:	---	219,107,000:	---
Restoration of Prior	:	:	:	:	:	:
Year A&O Expenses	:	:	:	:	:	:
Paid by Fund.....	<u>44,605,000:</u>	<u>---</u>	<u>47,072,000:</u>	<u>---</u>	<u>0:</u>	<u>---</u>
TOTAL, FCIC FUND.....	<u>285,794,000:</u>	<u>---</u>	<u>235,794,000:</u>	<u>---</u>	<u>219,107,000:</u>	<u>---</u>
TOTAL FCIC	:	:	:	:	:	:
APPROPRIATION.....	595,534,870:	800	525,910,000:	825	504,969,000:	825
CCC Transfers.....	<u>500,000,000:</u>	<u>---</u>	<u>370,073,000:</u>	<u>---</u>	<u>128,935,000:</u>	<u>---</u>
TOTAL, FCIC	:	:	:	:	:	:
AVAILABLE FUNDS.....	<u>\$1,095,534,870:</u>	<u>800</u>	<u>\$895,983,000:</u>	<u>825</u>	<u>\$633,904,000:</u>	<u>825</u>

FEDERAL CROP INSURANCE CORPORATION									
Permanent Positions by Grade and Staff-Year Summary									
1993 and Estimated 1994 and 1995									
GRADE	1993			1994			1995		
	HEADQUARTERS	FIELD	TOTAL	HEADQUARTERS	FIELD	TOTAL	HEADQUARTERS	FIELD	TOTAL
ES-6	1	0	1	1	0	1	1	0	1
ES-5	0	0	0	0	0	0	0	0	0
ES-4	1	0	1	1	0	1	1	0	1
ES-3	1	0	1	1	0	1	1	0	1
ES-2	0	0	0	0	0	0	0	0	0
ES-1	3	0	3	3	0	3	3	0	3
GS/GM-16	0	2	2	0	2	2	0	2	2
GS/GM-15	9	6	15	11	5	16	11	5	16
GS/GM-14	17	17	34	17	19	36	17	19	36
GS/GM-13	59	63	122	67	80	147	67	80	147
GS-12	71	204	275	69	197	266	69	197	266
GS-11	22	115	137	21	111	132	21	111	132
GS-10	3	0	3	3	0	3	3	0	3
GS-9	12	18	30	11	13	24	11	13	24
GS-8	9	4	13	9	5	14	9	5	14
GS-7	26	17	43	28	17	45	28	17	45
GS-6	12	9	21	12	9	21	12	9	21
GS-5	20	33	53	19	34	53	19	34	53
GS-4	33	22	55	33	22	55	33	22	55
GS-3	1	0	1	1	0	1	1	0	1
Other Graded Positions	0	0	0	0	0	0	0	0	0
Ungraded Positions	0	0	0	0	0	0	0	0	0
Total Perm. Pos. a/	299	507	806	294	492	786	294	492	786
Unfilled Positions-End-of-year.....	0	0	0	0	0	0	0	0	0
Total Permanent Employment - End-of-Year.....	299	507	806	294	492	786	294	492	786
Staff-Year Ceiling....	309	491	800	319	507	826	319	507	826

HEADQUARTERS: Includes D.C. Headquarters Personnel and branches located in Kansas City, MO. that report to Washington, D.C. Divisions.

FIELD: Includes Direct Service Offices, Regional Service Offices, Compliance Field Offices, and offices under the Asst. Manager for Research

and Development located in Kansas City, MO.

a/ The Federal Crop Insurance Act of 1980, as amended, restricts the Corporation from employing more than 780 permanent full-time employees.

FEDERAL CROP INSURANCE CORPORATION
Classification By Objects
1993 and Estimated 1994 and 1995

ADMINISTRATIVE AND OPERATING EXPENSES:	1993	1994	1995
Personnel Compensation:			
Headquarters a/.....	\$11,533,314	\$11,760,893	\$12,120,075
Field.....	<u>21,419,011</u>	<u>21,841,657</u>	<u>22,607,935</u>
11 Total Personnel Compensation...	32,952,325	33,602,550	34,728,010
12 Personnel Benefits.....	7,755,840	9,728,206	8,479,890
13 Benefits for Former Personnel..	<u>77,087</u>	<u>71,919</u>	<u>71,546</u>
Total Personnel Compensation and Benefits.....	40,785,252	43,402,675	43,279,446
Other Object Classes:			
21 Travel.....	2,022,152	1,933,182	2,852,418
22 Transportation of Things.....	339,915	225,937	225,000
23 Communications, Utilities, and Other Rent.....	2,616,914	1,295,594	1,300,000
24 Printing and Reproduction.....	213,795	580,834	581,000
25 Other Services.....	10,316,467	5,161,829	4,468,227
25 Other Contracts b/.....	17,798,832	12,656,948	12,294,909
25 Extension Services.....	250,000	250,000	250,000
25 ASCS Agreement.....	6,206,000	5,862,000	6,450,000
25 Reinsurance Admin Expenses....	217,518,226	216,123,000	213,066,000
25 Sales & Service Contract Exp...	2,700,000	1,529,000	0
26 Supplies and Materials.....	2,369,450	695,070	695,000
31 Equipment.....	<u>6,603,867</u>	<u>399,931</u>	<u>400,000</u>
Total, Other Object Classes....	<u>268,955,618</u>	<u>246,713,325</u>	<u>242,582,554</u>
TOTAL, DIRECT A&O OBLIGATIONS.....	<u>\$309,740,870</u>	<u>\$290,116,000</u>	<u>\$285,862,000</u>
FCIC FUND:			
25 A&O Expenses Paid from Fund....	47,812,000	50,073,000	0
42 Indemnities:			
Government.....	80,907,000	70,299,000	10,210,000
Reinsurance.....	<u>994,366,000</u>	<u>1,118,327,000</u>	<u>1,006,729,000</u>
Total Indemnities.....	<u>1,075,273,000</u>	<u>1,188,626,000</u>	<u>1,016,939,000</u>
TOTAL DIRECT OBLIGATIONS, FCIC FUND	<u>\$1,123,085,000</u>	<u>\$1,238,699,000</u>	<u>\$1,016,939,000</u>
TOTAL DIRECT OBLIGATIONS, FCIC.....	<u>\$1,432,825,870</u>	<u>\$1,528,815,000</u>	<u>\$1,302,801,000</u>
Position Data:			
Average Salary, SES positions	\$95,300	\$99,331	\$102,510
Average Salary, GS/GM positions	\$40,782	\$40,298	\$ 41,200
Average Grade, GS/GM positions	10.7	10.6	10.8

a/ Headquarters includes all Washington, D.C. employees, and Kansas City, MO employees in Support Services, Personnel, Finance and IRMD branches.

b/ Includes ADP; Internal Management Studies; Statistical Data-NASS; Advertising; National Finance Center; National Computer Center; and Soil Conservation Service Agreement; OIG Agreement; and FTS-2000.

FEDERAL CROP INSURANCE CORPORATION

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Administrative and Operating Expenses:

- 1/ For administrative and operating expenses, as authorized by the Federal Crop Insurance Act, as amended (7 U.S.C. 1516), [~~\$290,116,000~~] \$285,862,000: Provided, that not to exceed \$700 shall be available for official reception and representation expenses, as authorized by 7 U.S.C. 1506(i): Provided further, That beginning in fiscal year 1996 and thereafter, funds to reimburse private insurers for operating and administrative costs shall be paid by the Federal Crop Insurance Corporation Fund: Provided further, That none of the funds in this Act may be used to offer a Federal crop insurance policy in counties on crops where a loss ratio, that has already been recalculated pursuant to law to reflect the premium rates issued by the Corporation for the [1993] 1994 crop year, is in excess of 1.10 more than 70 percent of the years that a policy has been offered since 1980: Provided further, That none of the funds in this Act may be used to pay operating and administrative costs that exceed 31 per centum of premium to insurers of policies on which the Corporation provides reinsurance, except to reimburse said insurers for excess loss adjustment expenses as provided for in the Standard Reinsurance Agreement issued by the Corporation: Provided further,
- 2/ That the [second] third proviso shall not apply in any county affected if the Corporation has implemented a nonstandard classification system in such county for those individual farms that have experienced excessive losses since 1980 under which the premium rates, notwithstanding the provision of section 508(d) of the Federal Crop Insurance Act, are increased over comparable rates effective for the [1993] 1994 crop, or the insured yields are decreased from comparable yields for the [1993] 1994 crop, or a combination of both, by an amount or amounts sufficient to ensure that an estimated loss ratio will not exceed 1.1 for the crop produced on such farms during the [1994] 1995 crop year.

The first change allows FCIC to pay reinsured company delivery expenses directly from the FCIC Fund, beginning in fiscal year 1996.

The second change allows FCIC to correct last years language because of the insertion of new provision.

FEDERAL CROP INSURANCE CORPORATION

Administrative and Operating Expenses-Current Law

Appropriations Act, 1994.....	\$290,116,000
Budget Request, 1995.....	<u>285,862,000</u>
Decrease in Appropriation.....	<u>-4,254,000</u>

SUMMARY OF INCREASES AND DECREASES
(on basis of appropriation)

ITEM OF CHANGE:	<u>1994 Estimated</u>	<u>Pay Cost</u>	<u>Other Changes</u>	<u>1995 Estimated</u>
1. Research and Development	\$10,674,000	+\$80,669	+\$554,331	\$11,309,000
2. Reinsured Companies.....	216,123,000	0	-3,057,000	213,066,000
3. Agency Sales & Service Contracts and Loss Adjustment.....	1,529,000	0	-1,529,000	0
4. Insurance Services.....	38,265,000	+196,810	-2,273,810	36,188,000
5. Program Management and Administrative Supp...	<u>23,525,000</u>	<u>+194,521</u>	<u>+1,579,479</u>	<u>25,299,000</u>
	<u>a/</u>			<u>b/</u>
Total Appropriation.....	<u>290,116,000</u>	<u>+472,000</u>	<u>-4,726,000</u>	<u>285,862,000</u>

a/ Does not include \$47,071,666 of administrative and operating expenses paid out of the FCIC Fund.

b/ Does not include \$64,433,000 of delivery expenses paid from the FCIC Fund.

PROJECT STATEMENT
Administrative and Operating Expenses- Current Law
(on basis of appropriation)

	1993 Actual		1994 (Est.)		Increase(+): Decrease(-):	1995 (Est.)	
	Amount	SY	Amount	SY		Amount	SY
1. Research and Development..	\$8,434,155	103	\$10,674,000	141	+\$635,000	\$11,309,000	141
2. Reinsured Companies....	217,511,226	0	216,123,000	0	-3,057,000	213,066,000	0
3. Agency Sales and Service..							
Contracts and Loss Adjust..	2,700,000	0	1,529,000	0	-1,529,000	0	0
4. Insurance Services....	26,398,047	359	38,265,000	344	-2,077,000	36,188,000	331
5. Program Mgmt ment & Admin Support.....	54,697,442	338	23,525,000	340	+1,774,000	25,299,000	353
Unobligated Balance							
Lapsing.....	207,130	--	0	0	0		0
Total					(1)		
Appropriation	309,948,000	800	290,116,000	825	-4,254,000	285,862,000	825

PROJECT STATEMENT
Administrative and Operating Expenses-Current Law
(on basis of available funds)

	1993 Actual		1994 (Est.)		Increase(+) Decrease(-)	1995 (Est.)	
	Amount	SY	Amount	SY		Amount	SY
1. Research and Development:	\$8,434,155	103	\$10,674,000	141	+\$635,000	\$11,309,000	141
2. Reinsured Companies	246,587,412	0	246,267,400	0	+31,231,600	277,499,000	0
3. Agency Sales and Service:							
Contrac. and Loss Adjust..	21,442,384	0	21,457,600	0	-21,457,600	0	0
4. Insurance Services..	26,398,047	359	38,265,000	344	-2,077,000	36,188,000	331
5. Prog. Manage: ment & Admin: trative Supp:	54,690,442	338	23,525,000	340	+1,774,000	25,299,000	353
Total							
Available....	357,552,440	800	340,189,000	825	+10,106,000	350,295,000	825
Paid from Fund:	-47,811,570	--	-50,073,000	--	-14,360,000	-64,433,000	--
Total							
Appropriation:	\$309,740,870	800	\$290,116,000	825	-4,254,000	285,862,000	825

Under the Secretary's proposed Reorganization plan, \$285,862,000 will be part of the Farm Service Agency Salaries and Expenses account.

FEDERAL CROP INSURANCE CORPORATION
JUSTIFICATION OF INCREASES AND DECREASES-CURRENT LAW
ADMINISTRATIVE AND OPERATING EXPENSES

- (1) ADMINISTRATIVE AND OPERATING EXPENSES: A net decrease of \$4,254,000 for administrative and operating expenses; consisting of:

- (A) REINSURED COMPANIES: A decrease of \$3,057,000 for delivery expenses.

Need for Change: The 1994 Appropriation Act limits administrative reimbursement for delivery expenses to reinsured companies at the rate of 31 percent. In 1994, FCIC will reimburse at 31 percent plus 0.7 percent for loss adjustment, the same as in 1993.

Nature of Change: The decrease represents the additional amount of expense reimbursement that must be paid from the FCIC Fund in 1995 and is not the result of a change in the 31 percent expense limitation.

- (B) AGENCY SALES AND SERVICE CONTRACTS AND LOSS ADJUSTMENT: A decrease of \$1,529,000 for commissions.

Need for Change: To represent discontinuance of business sold through the direct delivery system, FCIC is reflecting a reduction of \$1,529,000 for Agency Sales and Service Contracts and Loss Adjustments to terminate this program activity.

Nature of Change: Based on prior year experience, the direct business has steadily declined and policies sold through reinsured companies has increased. The program using Agency Sales and Service Contractors began phasing out in fiscal year 1994. FCIC is not entering into agreements for fiscal year 1995.

- (C) ADMINISTRATIVE SUPPORT: A net increase of \$332,000 which reflects administrative support necessary for the maintenance of the FCIC insurance program, consisting of the following:

1. An increase of \$472,000 which reflects a pay raise of 1.6 percent, effective January 1, 1995, for fiscal year 1995.
2. A decrease of \$1,814,000 for administrative efficiency.

Need for Change: In support of the Secretary's streamlining efforts and the President's Executive Order to reduce overhead-type outlays from the FY 1993 baseline, budget authority is reduced by \$1,814,000.

Nature of Change: In order to achieve these savings, FCIC will reduce discretionary expenses in such areas as office equipment, procurement services, supplies and materials, printing and reproduction and other support costs.

3. An increase of \$2,687,000 to support activities which provide essential services for FCIC.

Need for change: In order to administer the crop insurance program, an increase is necessary to fund support services for: the National Agreement with the Agricultural Stabilization and Conservation Service (\$588,000); the National Computer Center (\$1,702,000); the National Agricultural Statistics Service (\$68,000); Office of Inspector General (\$8,000); FTS 2000 (\$25,000); and an increase in travel (\$296,000).

Nature of Change: The increase will enable FCIC to support high priority crop insurance initiatives, and to provide the essential support necessary for a viable insurance program.

These services enable FCIC to assess cost of production, revenue insurance, related pilot programs, and investigate other new insurance concepts. Also affected are initiatives to re-write crop insurance policies to enhance coverages to farmers and reduce program vulnerabilities.

4. A decrease of \$1,013,000 for Automated Data Processing (ADP).

Need for Change: In support of the Secretary's streamlining efforts and the President's Executive Order to reduce overhead outlays from the 1993 figures, a reduction of \$1,013,000 is required for ADP equipment and services.

Nature of Change: The decrease in funding will require the reduction of various contractual services which FCIC uses to support the automated data processing system.

FEDERAL CROP INSURANCE CORPORATION
ADMINISTRATIVE AND OPERATING EXPENSES
SUMMARY OF INCREASES AND DECREASES - PROPOSED LEGISLATION

	<u>Current Law</u>	<u>1995 Program Changes</u>	<u>President's Budget</u>
A&O EXPENSES:			
Federal Expenses	72,796,000	----	72,796,000
Delivery Expenses	<u>213,066,000</u>	<u>-213,066,000</u>	<u>0</u>
Total	<u>285,862,000</u>	<u>-213,066,000</u>	<u>72,796,000</u>

Federal Crop Insurance Corporation
Explanation of Proposed Legislation

Administrative and Operating Expenses: Under crop insurance reform legislation, delivery expenses to reinsured companies will be shifted to the FCIC Fund where they will be scored as mandatory expenses of the crop insurance program. Currently delivery expenses are discretionary costs, yet are based on the level of total premium sold to producers. The crop insurance reform will increase delivery expenses to include reinsured delivery expenses based on the total premium of \$1.3 million, including catastrophic coverage.

UNITED STATES DEPARTMENT OF AGRICULTURE
FEDERAL CROP INSURANCE CORPORATION
Geographic Breakdown of Obligations and Staff Years-Current Law
1993 Actual and Estimated 1994 and 1995

	1993 Actual		1994 Estimated		1995 Estimated	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
ALABAMA.....	4,214,413	1	3,451,196	1	2,799,196	0
ARIZONA.....	1,163,723	0	472,330	0	533,456	0
ARKANSAS.....	2,312,129	1	1,832,000	1	1,385,726	0
CALIFORNIA.....	9,127,168	27	9,843,512	32	9,582,947	31
COLORADO.....	2,551,355	1	881,394	0	981,394	0
CONNECTICUT.....	1,246,021	0	453,098	0	554,148	0
DELAWARE.....	1,334,224	1	461,211	0	563,261	0
DISTRICT OF COLUMBIA.....	47,082,564	142	48,634,665	156	53,311,042	165
FLORIDA.....	10,705,701	1	10,443,340	1	11,943,290	0
GEORGIA.....	3,227,080	14	3,677,820	17	3,374,131	17
HAWAII.....	572,446	0	261,298	0	362,798	0
IDAHO.....	3,609,985	1	3,148,050	1	2,498,455	0
ILLINOIS.....	5,473,911	16	5,923,911	19	5,612,822	17
INDIANA.....	3,720,371	11	4,018,418	13	4,055,164	13
IOWA.....	4,870,371	31	5,638,035	34	3,648,262	33
KANSAS.....	5,866,114	19	6,011,112	20	5,648,640	19
KENTUCKY.....	4,987,450	2	2,670,044	1	2,769,294	0
LOUISIANA.....	4,422,598	1	4,390,937	1	3,915,015	0
MAINE.....	1,243,991	0	655,945	0	764,895	0
MARYLAND.....	1,690,189	0	888,191	0	2,043,141	0
MASSACHUSETTS.....	1,243,991	0	655,949	0	785,933	0
MICHIGAN.....	2,722,249	0	1,481,212	0	1,595,609	0
MINNESOTA.....	11,155,692	31	11,424,664	33	10,697,860	28
MISSISSIPPI.....	6,513,911	17	6,821,966	18	6,410,856	18
MISSOURI.....	84,235,060	281	84,811,791	272	81,675,616	277
MONTANA.....	6,735,681	18	7,035,681	20	6,423,192	15
NEBRASKA.....	2,131,087	2	1,105,486	1	1,156,436	0
NEW JERSEY.....	1,125,946	0	731,299	0	795,949	0
NEW MEXICO.....	1,378,573	0	832,732	0	943,482	0
NEW YORK.....	4,150,705	1	3,888,363	1	3,192,776	0
NORTH CAROLINA.....	10,601,420	28	10,901,420	30	11,058,032	33
NORTH DAKOTA.....	3,774,652	31	4,138,580	34	4,260,907	37
NEVADA.....	1,245,896	0	895,896	0	950,871	0
OHIO.....	5,313,582	1	3,865,061	1	3,515,061	0
OKLAHOMA.....	2,031,112	16	2,359,711	18	2,020,680	18
OREGON.....	5,216,498	0	3,019,725	0	3,259,225	0
PENNSYLVANIA.....	3,305,729	1	2,804,112	1	2,093,612	0
RHODE ISLAND.....	1,244,891	0	958,364	0	998,364	0
SOUTH CAROLINA.....	3,822,474	34	3,973,111	34	3,277,960	36
SOUTH DAKOTA.....	1,317,986	1	664,116	0	733,066	0
TENNESSEE.....	4,048,551	33	5,278,642	35	5,024,509	35
TEXAS.....	10,354,482	17	8,916,974	15	7,229,472	14
UTAH.....	1,070,899	0	632,985	0	731,935	0
VERMONT.....	1,045,466	0	609,363	0	711,088	0
VIRGINIA.....	2,447,360	1	1,229,530	0	1,278,480	0
WASHINGTON.....	5,239,963	17	3,925,293	15	5,103,034	19
WEST VIRGINIA.....	1,196,196	0	698,327	0	701,277	0
WISCONSIN.....	4,390,697	1	2,051,854	0	2,109,785	0
WYOMING.....	1,258,320	0	647,286	0	779,856	0
TOTAL ADMINISTRATIVE & OPERATING EXPENSE	\$309,740,870	800	\$290,116,000	825	\$285,862,000	825

OFFICE OF INSPECTOR GENERAL (OIG) REPORTS:

During Fiscal Year 1993, OIG issued six program audits and four individual policy audits. The following audits were reported in OIG's Semi-annual Report to Congress for the 6-month period ending September 30, 1993, as not having a management decision within 6-months of the report's issuance:

05099-20-AT	RE: Audit of Large Claims in Florida.
05099-55-TE	RE: Soybean Losses in Three Arkansas Counties for 1988 and 1989.
05600-3-TE	RE: Insurance Contracts with Large Indemnity Payments Adjusted by Crop Hail Management.
05099-105-KC	RE: 1989 Corn and Soybean Contract for Vernon County, Missouri, Crop Hail Management.

The first three audits are under OIG investigation and the fourth is under ASCS appeal.

The following audits were reported in the Secretary's Management Report for the 6-month period, April 1 through September 30, 1993, as having incomplete actions 1 year from the management decision date:

05002-1-TE	RE: Administration of Claims and Appeals.
05099-9-SF	RE: 1989 Large Raisin Claims, Fresno, California.
05099-11-AT	RE: Reinsurance Operation - Mississippi.
05099-15-CH	RE: Hybrid Seed Crop Insurance.
05099-39-FM	RE: Cash Management Practices With Reinsured Companies - Phase II.
05600-1-TE	RE: 1988 Crop Insurance Contracts With Claims.

GENERAL ACCOUNTING OFFICE (GAO) REPORTS:

During Fiscal Year 1993, the GAO issued:

T-RECD-93-12	RE: Federal Program Has Been Unable to Meet Objectives of 1980 Act.
IMTEC-93-20	RE: Nationwide Computer Acquisition Is Inappropriate at This Time.
RCED-93-98	RE: Federal Program Faces Insurability and Design Problems.

FEDERAL CROP INSURANCE CORPORATION
ADMINISTRATIVE AND OPERATING EXPENSES
STATUS OF PROGRAM

The Federal Crop Insurance Corporation (FCIC) administers the crop insurance program through established field offices, which include Regional Service Offices and Compliance Offices. Insurance programs are formulated and monitored by the headquarters offices in Washington, D.C. and Kansas City, Missouri.

The activities included under this appropriation are:

1. Research and Development - This activity covers the underwriting and actuarial functions which develop corporate policies, programs, regulations, standards and actuarial and underwriting risk management strategies. New programs are researched and developed, and existing ones are reviewed and evaluated for overall financial performance expectations consistent with FCIC's mandate for actuarial soundness. The research activities include development of strategies for increasing participation in the crop insurance program.
2. Reinsured Companies - Provide the insurance marketing, servicing, training, quality control, statistical processing and reporting, and loss adjustment functions, including payment of claims for policies reinsured by FCIC. The companies also share with FCIC, limited exposure for losses plus an opportunity for underwriting gain.
3. Agency Sales and Service Contracts and Loss Adjustment Contracts - Under Agency Sales and Service Contracts, private insurance entities contract with FCIC to provide insurance sales and service for policies issued by FCIC. Loss adjustment activities associated with these policies are contracted by FCIC. These contracts have been phased out for 1995 and subsequent years.
4. Insurance Services - This activity consists of the development and administration of reinsurance agreements and agency sales and service contracts, and developing strategies for increased participation in the crop insurance program. It also includes all phases of program administration, including directing Regional Service Offices throughout the country which provide services for all program participants.
5. Program Management and Administrative Support - This activity includes administrative support in finance, accounting, budgeting, management support services, and personnel management and Equal Employment Opportunity programs for FCIC, as well as compliance and quality control activities on program delivery operations (reinsured and FCIC field operations).

Selected Examples of Recent Progress - The following are selected accomplishments under this appropriation, by activity:

Group Risk Plan

The Group Risk Plan was expanded for the 1994 crop year and includes 8 crops in 27 states and more than 1,800 county crop programs. In addition to soybeans, Group Risk Plan is available for barley, corn, cotton, forage, grain sorghum, peanuts, and wheat.

Actual Production History

FCIC has implemented changes to the Actual Production History (APH) program for crops beginning with the 1994 crop year. FCIC formed a task force to review the APH program and make recommendations for improvement. This APH task force included representatives from reinsured companies, agency sales and service contractors, producers, agents, representatives of grower groups, and FCIC. The APH changes are designed to modify the yield determination methodology for establishing an individual

producer's insurance coverage by more accurately and quickly establishing yields that better reflect the individual's insurable risk.

Policyholder Tracking System

FCIC began the implementation of a policyholder tracking system using the Social Security Number (SSN) and/or Employer Identification Number (EIN) of program participants for use in identifying the participants as a policyholder within the system maintained by FCIC. The policyholder tracking system will be implemented during the FY 1994 beginning in January 1994. The authority to collect SSN/EIN was published as Final Rule October 8, 1992 and can be found at 7 CFR 400.4 in the Code of Federal Regulations. FCIC also intends to use the SSN and EIN information for the implementation of an Ineligible File Tracking System for the 1995 Fiscal Year which will be independent of routine policyholder tracking.

Regional Service

Fiscal Year 1993 marked the first full year of operation for the ten Regional Service Offices (RSO). The RSO's successfully performed all routine underwriting tasks, including crop filing and selecting policyholders for the Nonstandard Classification System. FCIC completed the task of assessing over 2,000 requests for county crop program expansion, while moving to ensure prompt review of future petitions to expand the crop insurance program.

Natural Catastrophes

FCIC dealt with major natural catastrophes in a number of places in Fiscal Year 1993, including: wrapping up damage assessments and recommending improvements for programs affected by "Hurricane Andrew;" tracking and assessing damage from the "Storm of March 1993;" and following the effects of, and supplying loss information and estimates for, the Southeast drought.

The most significant weather event of 1993 was the Midwest flooding, and four RSO's, with responsibility for the nine state disaster area, continually provided current information and assessments beginning in early July 1993. The information and damage estimates provided FCIC Management relevant crop data necessary to make major program decisions within short time frames.

Processing Claims

FCIC developed and issued clarifications for position on administering program benefits relative to prevented planting of cotton, corn, grain sorghum, and soybean acreage due to the excessive rains of 1993. FCIC responded to the floods in the Midwest and the drought in the Southeast by providing quick responses for assessing crop damage, program impact, and providing on-site assistance to companies administering the crop insurance program in these areas. Both direct business and the reinsured companies were monitored to assure timely and uniform loss adjustment of crop losses and ensure that an adequate workforce was in place to handle claims. Weekly data has been compiled showing the number of affected units and claims payments for the flood and drought affected areas which is incorporated into a report provided to USDA management.

Delivery Systems

FCIC expanded its analysis of reinsured companies to include multiple peril crop insurance delivery costs and company financial condition. Procedures were developed for reporting administrative expense by reinsured companies which defines the allocation of, and the reporting of, expenses on the company's annual statement. FCIC proposed revisions to the method by which a company's financial condition is assessed prior to receiving approval to participate in the crop insurance program. The proposed revisions increase the amount of financial information used to measure and detect weaknesses in a company's financial structure.

Promoting Crop Insurance

Increased participation continues to be one of the primary goals of FCIC. To accomplish this objective, activities designed to educate farmers and promote awareness of crop insurance as a risk management tool were undertaken during 1993. An extensive analysis was initiated of crop insurance participation rates for all

crops in all counties.

Over one million copies of the *Guide to Crop Insurance Protection*, an informational brochure, were distributed by FCIC, companies, agents, USDA sister agencies, and as magazine inserts. Special promotional campaigns were designed for the new Group Risk Plan. The spring radio campaign gave broad coverage to the concept of crop insurance; the fall campaign targeted areas with the highest concentration of unsold winter wheat acres. Widespread print advertisement continued and farmers who operate larger, more sophisticated farms, were targeted through electronic bulletin boards. Promotional videos were produced and many national and local industry/trade shows were attended. In addition, regional plans were developed to increase outreach to minorities and protected groups.

Field Underwriting Policies

FCIC developed new procedures and revised outdated procedures and methods of determining crop yields and county crop program expansion. Various organizational units of FCIC were involved to improve actuarial soundness and efficiency of the crop insurance program.

Field Underwriting Conference

A conference of FCIC Underwriting was held in March 1993. The purpose was to strengthen authority and corresponding responsibility in the underwriting function. This conference, the first such conference in more than 10 years, provided a forum for discussion of ongoing projects and defining the FCIC role. These steps assist FCIC to improve actuarial soundness, determine risk areas and groups and underwriting decisions for improved delivery.

Disaster Payments and Insurance Indemnities

FCIC developed comparisons of disaster payments administered by the Agricultural Stabilization and Conservation Service with the crop insurance indemnity payments by FCIC. This comparison resulted from the Midwest flood disaster to determine the direction of risk management, efficiency, and cost effectiveness of the two programs.

Compliance Reviews

In response to General Accounting Office and Office of Inspector General recommendations, FCIC Compliance began initiatives to further strengthen and improve program oversight. A review methodology taskforce was formed and the statistical sampling, review process and reporting were revised. The new procedure examines the entire operations of a managing general agency by coordinated Compliance Field Office Reviews. Individual and overall compliance can be determined and systemic problems identified. The sampling formulas have been adjusted to allow for a determination of error rates within a 95 percent level of confidence. Three pilot audits have been conducted successfully and the process will be fully implemented for the 1994 fiscal year.

Enforcement of Insurance Contract Provisions

In coordination with the Office of General Counsel, FCIC has focused on fraud prevention through detection and resolution of systemic problems; and on contract performance accountability through vigorous enforcement of contract terms. These policies have resulted in the withdrawal of reinsurance, subsidy and administrative reimbursement on policies not serviced in accord with contract provisions. These efforts are also involved in multi-state FCIC, OIG and FBI investigations into crop insurance fraud, criminal prosecution and agent debarment. FCIC identified and began recovery actions for more than \$9.0 million in crop insurance overpayments in Fiscal Year 1993.

FCIC Automation

The FY 1993 Administrative and Operating Expense Appropriation included \$16.0 million for Office Automation. Under the auspices of Info Share, near term improvements in communication networks and tools to administer the crop insurance program were acquired with planned nation-wide operational dates of July 1994. Software conversion and improvement efforts are in the process to position FCIC to fully support crop insurance reform initiatives currently under legislative review.

Info Share Participation

FCIC has rechanneled independent information systems development activities under Info Share. Staff and FY 1993 resource contributions have focused on prototypes to experiment with reducing overhead costs of administering networks, systems, central computer facility operations and information systems project management. Program professionals have been active in defining data requirements that cross farm service agencies and defining future improved interface with producers. This analytical work is regarded as the essential preparatory activity for future joint systems development.

FEDERAL CROP INSURANCE CORPORATION

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Federal Crop Insurance Corporation Fund

For payments as authorized by section 508(b) of the Federal Crop Insurance Act, as amended, [~~\$235,794,000~~] \$219,107,000, to remain available until expended (7 U.S.C. 2209b) [; of which \$47,072,000 is to reimburse the Federal Crop Insurance Corporation Fund for agent's commission and loss adjustment obligations incurred during prior years, but not previously reimbursed, as authorized by section 516(a) of the Act, as amended].

FEDERAL CROP INSURANCE CORPORATION

Federal Crop Insurance Corporation Fund-Current Law

Appropriation Acts, 1994.....	\$235,794,000
Budget Request, 1995	<u>219,107,000</u>
Decrease in Appropriation.....	<u>-16,687,000</u>

SUMMARY OF INCREASES AND DECREASES
(on basis of appropriation)

<u>ITEM OF CHANGE</u>	<u>1994</u> <u>Estimated</u>	<u>Other</u> <u>Changes</u>	<u>1995</u> <u>Estimated</u>
Premium Subsidy.....	\$188,722,000	+\$30,385,000	\$219,107,000
Reimbursement of A&O			
Exp. Paid by Fund....	<u>47,072,000</u>	<u>-47,072,000</u>	<u>0</u>
Total Available.....	<u>235,794,000</u>	<u>-16,687,000</u>	<u>219,107,000</u>

PROJECT STATEMENT
(on basis of appropriation)

	: 1993	: 1994	: Increase	: 1995
	: Actual	: Estimated	: Decrease(-)	: Estimated
<u>ITEM OF CHANGE:</u>	:	:	(1) :	:
Premium Subsidy	: \$241,189,000	: \$188,722,000	: +\$30,385,000	: \$219,107,000:
Reimbursement of	:	:	:	:
Admin. & Oper.	:	:	(2) :	:
Exp. Pd. by Fund:	<u>44,605,000</u>	<u>47,072,000</u>	<u>-47,072,000</u>	<u>0:</u>
Total Appropriation:	<u>285,794,000</u>	<u>235,794,000</u>	<u>-16,687,000</u>	<u>219,107,000:</u>

FEDERAL CROP INSURANCE CORPORATION
PROJECT STATEMENT
Federal Crop Insurance Corporation Fund-Current Law
(on basis of available funds)

	:	1993	:	1994	:		:	1995	:
	:	Actual	:	Estimated	:	Change	:	Estimated	:
Expenses:	:		:		:		:		:
Indemnities:	:		:		:		:		:
Government.....	:	\$80,907,000	:	\$70,299,000	:	-\$60,089,000	:	\$10,210,000	:
Reinsurance.....	:	967,415,000	:	1,118,327,000	:	-111,598,000	:	1,006,729,000	:
Total Indemnities :	:	1,048,322,000	:	1,188,626,000	:	-171,687,000	:	1,016,939,000	:
Admin. Expenses :	:		:		:		:		:
Paid from Fund...	:	47,812,000	:	50,073,000	:	+14,360,000	:	64,433,000	:
Total Expenses....	:	<u>1,096,134,000</u>	:	<u>1,238,699,000</u>	:	<u>-157,327,000</u>	:	<u>1,081,372,000</u>	:
Funds Available:	:		:		:		:		:
Producer Prem....	:	-561,932,000	:	-595,184,000	:	-28,964,000	:	-624,148,000	:
Unobligated Bal :	:		:		:		:		:
Start of Year...	:	-498,350,000	:	-749,942,000	:	+150,648,000	:	-599,294,000	:
CCC Transfers....	:	-500,000,000	:	-370,073,000	:	+241,138,000	:	-128,935,000	:
Repayment of :	:		:		:		:		:
Treasury Loan...	:	0	:	113,000,000	:	-113,000,000	:	0	:
Unobligated Bal :	:		:		:		:		:
End of Year.....	:	<u>749,942,000</u>	:	<u>599,294,000</u>	:	<u>-109,182,000</u>	:	<u>490,112,000</u>	:
Total	:		:		:		:		:
Appropriation.....	:	<u>285,794,000</u>	:	<u>235,794,000</u>	:	<u>-16,687,000</u>	:	<u>219,107,000</u>	:

Under the Secretary's proposed Reorganization plan, the Fund will be part of the Farm Service Agency.

FEDERAL CROP INSURANCE CORPORATION
JUSTIFICATION OF INCREASES AND DECREASES-CURRENT LAW
FEDERAL CROP INSURANCE CORPORATION FUND

(1) PREMIUM SUBSIDY: An increase of \$30,385,000 for Premium Subsidy:

Need for Change: The Federal Crop Insurance Act, as amended, authorizes the Corporation to subsidize producers for as much as 30 percent of the premium.

Nature of Change: The premium subsidy is estimated at twenty-five percent (25%) of the total premium or thirty-three percent (33%) of producer premium. The premium subsidy of \$219,107,000 is based on twenty-five percent (25%) of \$876,427,000 total premium.

(2) DELIVERY EXPENSES PAID BY THE FCIC FUND FOR PRIOR YEARS: A decrease of \$47,072,000 for Delivery Expenses Paid From FCIC Fund for Administrative costs.

Need for Change: In 1995, the FCIC Fund will not request reimbursement for administrative expenses paid from the Fund in 1994.

Nature of Change: No reimbursement will be requested for administrative costs paid from the Fund in 1994.

FEDERAL CROP INSURANCE CORPORATION
FEDERAL CROP INSURANCE CORPORATION FUND

SUMMARY OF INCREASES AND DECREASES - PROPOSED LEGISLATION

ITEM OF CHANGE:	Current Law	1995 Program Changes	President's Budget
Premium Subsidy.....	\$219,107,000	+470,987,000	690,094,000
Delivery Expenses			
Appropriated to Fund...	0	+330,188,000	330,188,000
Disaster Payments.....	<u>0</u>	<u>+60,000,000</u>	<u>60,000,000</u>
Total Appropriation.....	<u>219,107,000</u>	<u>861,175,000</u>	<u>1,080,282,000</u>

Federal Crop Insurance Corporation
Explanation of Proposed Crop Reform Legislation

Crop insurance reform will restructure the present premium subsidy and use it to provide catastrophic insurance protection for farmers. Under the reform package, the reform proposal will build on the objective of achieving actuarial soundness as required by the Omnibus Budget Reconciliation Act of 1993. For example, individual yield guarantees will be based on actual production history. This catastrophic insurance protection will compensate farmers for losses exceeding 50 percent of individual yield. The amount of compensation for loss of production is proposed to be 60 percent of the anticipated market price. Farmers will pay a nominal service fee of \$50 per crop per county, not to exceed \$100 per farmer for catastrophic insurance protection. Loss adjustment expenses would be paid by FCIC.

Farmers will continue to have the option to buy higher levels of coverage. This coverage would be subsidized at a level equivalent to the premium required for 50 percent loss of yield and 75 percent of the anticipated market price. This level of subsidy would reduce farmers' costs for 65 percent coverage by around 15 percent, and by about 7 to 8 percent for the 75 percent coverage as compared to present premium subsidies.

Administrative expense reimbursement plus excess loss adjustment expense is included in the premium rates for coverage levels exceeding the catastrophic insurance protection. Under current legislation, funds for delivery expenses are included in the Administrative and Operating Expenses Appropriation along with discretionary administrative support funds. Farmers who participate in USDA price and income support programs or farm loan programs will be required to purchase catastrophic crop insurance. The proposed legislation would shift administrative and operating expenses of private insurers to the mandatory funds.

This reform proposal is expected to increase total participation from 35 to 80 percent of eligible acres in FY 1995. It is anticipated that 43 percent of these areas will enroll in catastrophic insurance protection only. Participation in higher coverage levels is expected to increase by 10 to 15 percent over FY 1994, to 37 to 38 percent of eligible acres.

The proposal will include a provision to make disaster payment assistance available where crop insurance is not offered; however, such assistance will be limited to areas where production falls below 65 percent of normal production. The proposal will also include a provision to make it more difficult for ad hoc disaster assistance to be enacted.

FEDERAL CROP INSURANCE CORPORATION

Estimated 1994 and 1995
PROJECT STATEMENT-PROPOSED REORGANIZATION

	1994 Estimated		1995 Estimated	
	Amount	Staff-Years	Amount	Staff-Years
Administrative and Operating Expenses:				
To the Farm Service Agency:				
Federal Expenses.....	\$73,399,227	814	\$72,192,727	814
Delivery Expenses.....	216,123,000		213,066,000	
To the National Appeals Staff Executive Operations.....	593,773	11	603,273	11
Total to FSA.....	290,116,000	825	285,862,000	825

UNITED STATES DEPARTMENT OF AGRICULTURE
 FEDERAL CROP INSURANCE CORPORATION
 Geographic Breakdown of Obligations and Staff Years
 1993 Actual and Estimated 1994 and 1995

	1993 Actual		1994 Estimated		1995 Estimated	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
Federal Crop Insurance Fund:						
Indemnities:						
Reinsurance.....	\$967,415,000	0	\$1,118,327,000	0	\$1,006,729,000	0
Government.....	80,907,000	0	70,299,000	0	10,210,000	0
Total Indemnities.....	1,048,322,000	0	1,188,626,000	0	1,016,939,000	0
Admin. Exp. Paid by Fund.....	47,812,000	0	50,073,000	0	64,433,000	0
TOTAL, FCIC FUND	\$1,096,134,000	0	\$1,238,699,000	0	\$1,081,372,000	0

Note: Due to the inability to predict the location of sales and losses, it is impractical to estimate the State cost distribution.

FEDERAL CROP INSURANCE CORPORATION
FEDERAL CROP INSURANCE CORPORATION FUND
STATUS OF PROGRAM

The Federal Crop Insurance Corporation (FCIC) is a wholly-owned government Corporation which provides multi-peril crop insurance protection against losses because of unavoidable causes of and/or uncontrollable events. From 1948 through 1981, the program operated in selected counties on a limited basis. The crop insurance program was expanded nationwide, effective with crop year 1983, to nearly all counties with acreage devoted to the six ASCS disaster crops of wheat, corn, barley, grain sorghum, cotton and rice. FCIC currently insures 51 crops. There are 3,026 counties in which crop insurance is offered.

The 1980 Farm Bill mandated that private insurance companies begin to sell crop insurance, in an effort to cut the costs of delivering the program to the farmers. That delivery system was subsequently implemented. A general Standard Reinsurance Agreement (SRA) was drawn up, beginning with the 1981 crop year, which set forth the conditions and requirements for these companies.

The 1990 Farm Bill mandated that FCIC require private insurance companies participating in the reinsurance program to assume more of the risks associated with the delivery of the multiple peril crop insurance program. In response, the SRA for reinsurance year 1992 was revised to improve the delivery program. FCIC has fostered significant risk sharing by companies with annual revisions to the agreement. FCIC continues to review the agreement and seek ways to strengthen the program.

FCIC actively seeks changes that will strengthen the program, such as the Group Risk plan and changes to the Actual Production History program, the Nonstandard Classification System, and revision of the crop provisions into a new Common Crop Insurance Policy. The goal of the Corporation is to have an actuarially sound program, while offering a viable risk management tool to the nation's crop producers.

The Corporation is continually initiating changes to encourage farmers and producers to increase participation in the crop insurance program.

Current Activities: In 1993 the excess moisture and flooding in the Midwest states and the drought in the Southeastern part of the United States, had a catastrophic impact on the production of crops across a large part of the nation. FCIC, along with many government agencies, was inundated with damage and loss notices and settled many claims to give the producers working capital for the 1993 crop year as well as for cleanup and seeding for the 1994 crop year. FCIC worked to ensure that producers involved in the Midwest flooding were not prevented from realizing program benefits because of agency regulations. FCIC expedited payment of claims based on actual extent of damage caused by the extensive flooding.

Selected Examples of Recent Progress: Recent accomplishments under this appropriation are cited as follows: The 1994 Agriculture Appropriations Bill contained an amendment requiring the FCIC to identify county crop programs that have experienced frequent adverse loss experience. The Bill specifies that persons who have poor insurance experience in counties that have a loss ratio greater than 1.10 more than 70 percent of the time the crop program has been offered since 1980, will be subject to increased premiums and/or decreased coverage established under the Nonstandard Classification System (NCS) if FCIC continues to provide insurance coverage in the county. FCIC implemented the provisions of this law by establishing an NCS program in all affected counties for the 1994 crop year.

Crop provisions for 28 crop insurance programs are being revised to bring them under the basic provisions of the published Common Crop Insurance Policy. Substantial efforts are being taken to address program vulnerabilities by more precisely defining the insurance offer, coverage restrictions and requirements, the responsibilities of the individual policyholder, and FCIC's responsibilities. These

revised documents will standardize terms and conditions for these crops in crop year 1995 by eliminating inconsistencies that may exist.

FCIC continued implementing provisions of Section 508(b) of the Federal Crop Insurance Act, as amended, by developing "standards for submission" for policies which are designed to enhance the protection offered by FCIC's standard multiple peril crop insurance policy. FCIC will be soliciting outside assistance in the development of standards for reviewing such policies. FCIC expects at least five such policies to be available for crop year 1994.

The status of the crop insurance program is presented for both direct sales (government operations) and for sales through reinsured companies (reinsurance operations) for 1992. The combined sales premium for crop year 1992 totaled \$760.0 million with indemnities of \$921.4 million for a combined loss ratio of 1.21.

The following tables summarize combined insurance operations: (1) Status of Program 1992 and cumulative; (2) crop year 1992 experience by crop; (3) crop year 1992 experience by state; (4) cumulative insurance experience for 1948-92 by crop; (5) and the number of counties in which crop insurance is offered for 1948-1994.

STATUS OF PROGRAM 1992 AND CUMULATIVE

Commodity	1992 (in millions)					Since 1948 (in millions)				
	Premium		Indemnity		Loss Ratio	Premium		Indemnity		Loss Ratio
	Amount	%	Amount	%		Amount	%	Amount	%	
Corn	\$196.0	25.8	\$158.7	17.2	0.81	\$1,841.0	23.8	\$1,841.0	17.4	1.00
Wheat	146.1	19.2	201.1	21.8	1.38	1,680.0	21.8	2,398.6	22.7	1.43
Soybeans	93.8	12.4	56.7	6.2	0.61	1,283.6	16.1	1,839.1	17.4	1.43
All Others	324.1	42.6	504.8	54.8	1.55	2,901.4	37.7	4,490.7	42.5	1.55
TOTAL	\$760.0	100%	\$921.3	100%	1.21	\$7,706.0	100%	\$10,569.4	100%	1.37

GOV'T AND REINS. OPERATIONS - SUMMARY OF 1992 CROP YEAR EXPERIENCE BY CROP
(DOLLARS IN THOUSANDS)

Crop	Policies Earning Premium	Amount of Protection	Premium	Indemnities	Prem Comp. with Indem. a/	Loss Ratio
Almond.....	1,719	126,660	8,442	3,850	4,592	0.46
Apple.....	1,190	61,067	8,034	11,191	(3,157)	1.39
Barley.....	26,964	169,664	17,487	18,391	(904)	1.05
Bean.....	6,977	122,341	13,501	15,844	(2,343)	1.17
Cherry.....	0	0	0	0	0	0.00
Citrus.....	705	89,144	3,096	567	2,529	0.18
Citrus Tree.....	570	21,664	1,198	0	1,198	0.00
Combined Crop.....	0	0	0	0	0	0.00
Corn.....	188,770	3,611,251	196,203	158,683	37,520	0.81
Cotton.....	28,136	736,007	90,655	288,560	(197,905)	3.18
Cotton, ELS.....	137	13,894	1,218	3,761	(2,543)	3.09
Cranberry.....	134	30,226	1,113	4,225	(3,112)	3.80
Fig.....	43	4,197	411	43	368	0.10
Flax.....	1,221	2,384	303	133	170	0.44
Forage Production.....	1,926	13,945	1,129	4,410	(3,281)	3.91
Forage Seeding.....	933	1,960	164	456	(292)	2.78
Grain Sorghum.....	35,609	266,481	24,980	21,084	3,896	0.84
Grape.....	795	60,180	4,497	3,020	1,477	0.67
Grape, Table.....	72	10,297	720	221	499	0.31
Hybrid Seed, Corn.....	5,245	126,013	11,010	3,046	7,964	0.28
Macadamia Nut.....	3	1,260	14	0	14	0.00
Macadamia Tree.....	9	16,758	219	0	219	0.00
Nursery Stock.....	62	19,263	527	8,244	(7,717)	15.64
Oat.....	18,145	26,802	3,683	2,011	1,672	0.55
Onion.....	90	3,597	277	469	(192)	1.69
Pea.....	2,694	22,498	2,089	1,968	121	0.94
Peach.....	819	14,243	2,102	6,356	(4,254)	3.02
Peanut.....	10,799	605,787	39,845	25,050	14,795	0.63
Pear.....	28	1,146	87	13	74	0.15
Pepper.....	13	4,467	496	0	496	0.00
Plum.....	69	3,787	316	84	232	0.27
Popcorn.....	890	15,357	1,114	1,324	(210)	1.19
Potato.....	1,160	170,889	12,482	13,760	(1,278)	1.10
Prev. Plant. Endors...	19	120	4	40	(36)	10.00
Prevented Planting...	0	0	0	0	0	0.00
Prune.....	263	22,856	1,769	2,183	(414)	1.23
Raisin.....	1,676	104,498	10,026	68	9,958	0.01
Rice.....	2,978	124,637	5,035	11,300	(6,265)	2.24
Rye.....	141	219	28	24	4	0.86
Safflower.....	387	2,456	361	1,341	(980)	3.71
Sorghum, Hyb. Seed...	25	1,554	347	1,322	(975)	3.81
Soybean.....	143,780	1,732,845	93,733	56,762	36,971	0.61
Stonefruit.....	110	7,396	540	232	308	0.43
Sugar Beet.....	4,246	268,488	12,137	5,661	6,476	0.47
Sugarcane.....	114	15,524	1,131	391	740	0.35
Sunflower.....	6,699	58,222	5,823	10,398	(4,575)	1.79
Sweet Corn.....	2,003	23,110	1,290	1,368	(78)	1.06
Sweet Corn, FM.....	42	9,541	738	0	738	0.00
Tobacco.....	26,097	753,354	25,299	29,556	(4,257)	1.17
Tomato.....	425	61,749	3,714	1,575	2,139	0.42
Tomato, FM.....	82	23,178	2,819	582	2,237	0.21
Tung Nut.....	0	0	0	0	0	0.00
Walnut.....	99	5,133	274	635	(361)	2.32
Wheat.....	138,006	1,741,253	146,150	201,153	(55,003)	1.38
Puerto Rico Reins.....	2,048	41,825	1,393	19	1,374	0.01
Grand Total.....	565,167	\$11,371,187	\$760,023	\$921,374	(161,351)	1.21

a/ Excess of indemnities over premium indicated by parenthesis ().

**GOV'T AND REINS. OPERATIONS - SUMMARY OF 1992 CROP YEAR EXPERIENCE BY STATE
(DOLLARS IN THOUSANDS)**

State	Policies Earning Premium	Amount of Protection	Premium	Indemnities	Pram Comp. with Indem. a/
Alabama.....	\$ 3,806	\$176,800	\$13,770	\$8,019	5,751
Alaska.....	0	0	0	0	0
Arizona.....	173	24,849	1,510	5,861	(4,351)
Arkansas.....	4,646	104,759	10,520	21,013	(10,493)
California.....	5,810	483,428	32,661	11,022	21,639
Colorado.....	5,075	107,727	9,404	12,328	(2,924)
Connecticut.....	30	1,202	84	23	61
Delaware.....	283	5,719	409	118	291
Florida.....	1,274	119,437	9,490	11,544	(2,054)
Georgia.....	8,848	413,817	30,377	17,558	12,819
Hawaii.....	12	18,018	233	0	233
Idaho.....	2,728	94,216	7,037	11,326	(4,289)
Illinois.....	62,899	1,038,005	45,526	16,553	28,973
Indiana.....	20,077	381,986	19,423	10,566	8,857
Iowa.....	95,011	1,612,154	69,817	13,002	56,815
Kansas.....	66,676	517,607	38,489	61,224	(22,735)
Kentucky.....	10,042	117,633	6,598	2,722	3,876
Louisiana.....	4,066	120,476	13,273	20,507	(7,234)
Maine.....	17	1,564	129	32	97
Maryland.....	722	16,537	1,355	539	816
Massachusetts.....	80	7,661	331	1,106	(775)
Michigan.....	5,678	101,107	8,541	15,896	(7,355)
Minnesota.....	56,058	1,036,190	61,089	48,445	12,644
Mississippi.....	2,425	68,237	8,223	8,196	27
Missouri.....	17,642	168,315	15,959	7,247	8,712
Montana.....	17,436	283,088	26,407	61,544	(35,137)
Nebraska.....	57,179	791,998	41,865	64,498	(22,633)
Nevada.....	5	52	2	48	(46)
New Hampshire.....	0	0	0	0	0
New Jersey.....	94	1,345	156	73	83
New Mexico.....	859	13,908	1,904	2,526	(622)
New York.....	373	9,696	688	1,649	(961)
North Carolina.....	13,498	510,305	21,089	20,048	1,041
North Dakota.....	68,384	795,536	70,748	40,616	30,132
Ohio.....	14,484	190,841	10,104	6,951	3,153
Oklahoma.....	8,569	128,618	10,988	17,807	(6,819)
Oregon.....	1,618	49,078	2,276	7,336	(5,060)
Pennsylvania.....	1,990	22,949	1,738	2,181	(443)
Rhode Island.....	4	328	19	0	19
South Carolina.....	2,733	115,239	6,020	11,662	(5,642)
South Dakota.....	31,261	326,954	29,923	44,090	(14,167)
Tennessee.....	3,743	39,839	3,885	5,503	(1,618)
Texas.....	45,187	848,791	97,939	280,537	(182,598)
Utah.....	457	6,144	871	1,950	(1,079)
Vermont.....	21	1,015	184	44	140
Virginia.....	5,854	129,809	6,875	3,000	3,875
Washington.....	5,038	176,034	10,980	16,545	(5,565)
West Virginia.....	297	3,925	434	469	(35)
Wisconsin.....	8,426	116,569	7,603	25,311	(17,708)
Wyoming.....	1,531	29,857	1,684	2,120	(436)
Total	663,119	11,329,362	758,630	921,355	(162,725)
Puerto Rico Reins.....	2,048	41,825	1,393	19	1,374
Grand Total.....	\$665,167	\$11,371,187	\$760,023	\$921,374	(161,351)

a/ Excess of indemnities over premium indicated by parenthesis ().

GOV'T AND REINS. OPERATIONS - CUM. SUMMARY OF EXPERIENCE BY CROP
CROP YEARS 1948-1992
(DOLLARS IN THOUSANDS)

Crop	Premium	Indemnities	Premium Compared wit Indemnities a/	Loss Ratio
Almond.....	\$55,365	\$58,968	(3,603)	1.07
Appla.....	53,679	94,822	(41,143)	1.77
Barley.....	195,006	317,635	(122,629)	1.63
Baan.....	108,421	156,171	(47,750)	1.44
Charry.....	150	391	(241)	2.61
Citrus.....	76,892	117,208	(40,316)	1.52
Citrus Trea.....	10,779	73,633	(62,854)	6.83
Combined Crop.....	40,450	45,441	(4,991)	1.12
Corn.....	1,841,136	1,840,071	1,065	1.00
Cotton.....	646,437	1,166,642	(520,205)	1.80
Cotton, ELS.....	4,279	12,329	(8,050)	2.88
Cranberry.....	5,567	11,187	(5,620)	2.01
Fig.....	1,516	1,629	(113)	1.07
Flax.....	23,453	23,252	201	0.99
Foraga Production.....	6,879	20,092	(13,213)	2.92
Forage Saading.....	600	1,787	(1,187)	2.98
Grain Sorghum.....	202,108	320,862	(118,754)	1.59
Grape.....	40,214	44,055	(3,841)	1.10
Grape, Tabla.....	8,312	10,163	(1,851)	1.22
Hybrid Sead,Corn.....	73,612	93,687	(20,075)	1.27
Macadamia Nut.....	111	0	111	0.00
Macadamia Tree.....	1,139	0	1,139	0.00
Nursery Stock.....	2,159	10,779	(8,620)	4.99
Oat.....	47,985	74,479	(26,494)	1.55
Onion.....	1,943	4,985	(3,042)	2.57
Paa.....	23,030	25,144	(2,114)	1.09
Peach.....	25,182	56,423	(31,241)	2.24
Peanut.....	299,190	561,149	(261,959)	1.88
Paar.....	402	53	349	0.13
Pappar.....	5,711	6,736	(1,025)	1.18
Plum.....	782	532	250	0.68
Popcorn.....	5,982	8,910	(2,928)	1.49
Potato.....	67,427	141,702	(74,275)	2.10
Prav. Plant. Endors.....	25	301	(276)	12.04
Pravanted Planting.....	157	894	(737)	5.69
Pruna.....	6,542	12,425	(5,883)	1.90
Raisin.....	131,478	108,287	23,191	0.82
Rica.....	32,419	96,368	(63,949)	2.97
Rya.....	354	365	(11)	1.03
Safflowar.....	4,044	23,400	(19,356)	5.79
Sorghum, Hyb.Saad.....	1,401	4,808	(3,407)	3.43
Soybaan.....	1,283,603	1,839,101	(555,498)	1.43
Stonefruit.....	2,427	1,630	797	0.67
Sugar Beet.....	80,780	76,556	4,224	0.95
Sugarcane.....	13,004	21,380	(8,376)	1.64
Sunflower.....	71,835	102,504	(30,669)	1.43
Sweat Corn.....	8,706	7,229	1,477	0.83
Swaat Corn, FM.....	3,790	3,701	89	0.98
Tobacco.....	415,572	476,942	(61,370)	1.15
Tomato.....	41,818	34,001	7,817	0.81
Tomato, FM.....	34,936	44,152	(9,216)	1.26
Tung Nut.....	90	67	23	0.74
Walnut.....	1,545	1,801	(256)	1.17
Wheat.....	1,680,230	2,398,615	(718,385)	1.43
Puerto Rico Rains.....	15,355	13,951	1,404	0.91
Grand Total.....	\$7,706,009	\$10,569,395	(\$2,863,386)	1.37

a/ Excess of indemnities over premium indicated by parenthesis ().

FEDERAL CROP INSURANCE CORPORATION
NUMBER OF COUNTIES IN WHICH CROP INSURANCE IS OFFERED
CROP YEAR 1948-1994

<u>Crop Year</u>	<u>Number of Counties</u>
1948	324
1949	357
1950	549
1951	730
1952	795
1953	847
1954	803
1955	794
1956	806
1957	816
1958	830
1959	847
1960	869
1961	890
1962	995
1963	1,094
1964	1,187
1965	1,214
1966	1,304
1967	1,304
1968	1,363
1969	1,395
1970	1,425
1971	1,423
1972	1,423
1973	1,422
1974	1,432
1975	1,444
1976	1,467
1977	1,467
1978	1,522
1979	1,526
1980	1,676
1981	1,928
1982	2,999
1983	3,000
1984	3,010
1985	3,012
1986	3,013
1987	3,014
1988	3,015
1989	3,019
1990	3,026
1991	3,026
1992	3,026
1993	3,026
1994 (estimated)	3,026

GOVERNMENT AND REINSURANCE OPERATIONS
CROP INSURANCE EXPERIENCE BY YEAR 1948-1992
ALL PROGRAMS
(DOLLARS IN THOUSANDS)

PROGRAM AND CROP YEAR	COUNTY PROGRAMS (NUMBER)	POLICIES EARNED PREMIUM (NUMBER)	AMOUNT OF PROTECTION (DOLLARS)	AMOUNT OF PREMIUM (DOLLARS)	AMOUNT OF INDEMNITIES (DOLLARS)	LOSS RATIO
ALMOND						
1981.....	4	152	8,717	610	10	0.02
1982.....	18	262	24,110	1,758	1,312	0.75
1983.....	18	315	27,433	2,028	6,949	3.43
1984.....	18	683	46,621	3,448	20	0.01
1985.....	18	658	47,575	3,490	3,637	1.04
1986.....	18	586	37,127	2,490	14,145	5.68
1987.....	18	972	73,515	4,860	668	0.14
1988.....	18	1,187	95,176	5,958	5,637	0.95
1989.....	18	1,553	112,080	6,566	8,765	1.33
1990.....	29	1,736	119,495	7,282	1,283	0.18
1991.....	18	1,859	138,665	8,433	12,692	1.51
1992.....	18	1,719	126,660	8,442	3,850	0.46
TOTAL.....	---	---	---	55,365	58,968	1.07
APPLE						
1963-1980...	---	---	68,003	6,604	8,398	1.27
1981.....	10	357	9,195	836	1,291	1.54
1982.....	10	293	7,914	734	1,208	1.65
1983.....	10	244	6,258	586	879	1.50
1984.....	24	344	11,352	1,012	1,650	1.63
1985.....	110	409	20,439	1,758	4,795	2.73
1986.....	131	762	41,413	3,777	9,574	2.53
1987.....	131	1,020	51,455	4,879	4,310	0.88
1988.....	159	1,098	63,211	5,851	12,917	2.21
1989.....	231	1,475	74,440	7,755	13,782	1.78
1990.....	208	1,355	54,980	5,893	16,204	2.75
1991.....	264	1,206	50,396	5,960	8,623	1.45
1992.....	264	1,190	61,067	8,034	11,191	1.39
TOTAL.....	---	---	---	53,679	94,822	1.77
BARLEY						
1956-1980...	---	---	358,022	27,932	26,411	0.95
1981.....	270	12,453	95,691	8,358	6,835	0.82
1982.....	2,545	12,110	96,052	8,032	5,025	0.63
1983.....	2,549	12,310	100,973	8,413	7,134	0.85
1984.....	2,620	14,339	145,070	11,546	24,513	2.12
1985.....	2,620	19,875	197,667	16,302	71,349	4.38
1986.....	2,620	23,130	171,546	13,594	25,597	1.88
1987.....	2,620	23,770	127,081	9,638	11,916	1.24
1988.....	2,620	27,092	146,359	12,634	60,534	4.79
1989.....	2,620	43,378	195,047	17,921	26,355	1.47
1990.....	1,316	36,292	220,789	19,899	18,167	0.91
1991.....	2,620	35,661	244,791	23,250	15,408	0.66
1992.....	2,620	26,964	169,664	17,487	18,391	1.05
TOTAL.....	---	---	---	195,006	317,635	1.63

GOVERNMENT AND REINSURANCE OPERATIONS
CROP INSURANCE EXPERIENCE BY YEAR 1948-1992
ALL PROGRAMS
(DOLLARS IN THOUSANDS)

PROGRAM AND CROP YEAR	COUNTY PROGRAMS (NUMBER)	POLICIES EARNED PREMIUM (NUMBER)	AMOUNT OF PROTECTION (DOLLARS)	AMOUNT OF PREMIUM (DOLLARS)	AMOUNT OF INDEMNITIES (DOLLARS)	LOSS RATIO
BEAN						
1948-1980...	---	---	160,062	9,924	9,118	0.92
1981.....	60	2,995	51,631	4,191	4,242	1.01
1982.....	78	3,017	58,234	4,844	14,462	2.99
1983.....	78	1,877	19,061	1,572	2,110	1.34
1984.....	131	2,632	44,108	3,469	4,057	1.17
1985.....	214	3,003	49,620	3,889	8,278	2.13
1986.....	215	3,630	62,211	5,226	6,847	1.31
1987.....	236	5,403	87,534	7,025	12,973	1.85
1988.....	272	5,086	67,792	5,556	10,766	1.94
1989.....	323	8,661	146,568	12,525	36,122	2.88
1990.....	528	10,914	184,268	19,043	22,286	1.17
1991.....	536	9,008	162,047	17,656	9,066	0.51
1992.....	536	6,977	122,341	13,501	15,844	1.17
TOTAL.....	---	---	---	108,421	156,171	1.44
CHERRY						
1963-1966...	4	451	1,371	150	391	2.61
TOTAL.....	---	---	---	150	391	2.61
CITRUS						
1951-1980...	---	---	486,198	43,159	60,273	1.40
1981.....	27	1,275	40,378	3,395	7,561	2.23
1982.....	30	1,244	40,043	3,673	296	0.08
1983.....	30	0	0	0	0	0.00
1984.....	35	1,248	39,788	3,677	9,955	2.71
1985.....	35	963	32,154	2,816	9,542	3.39
1986.....	35	813	31,283	2,808	1,575	0.56
1987.....	43	867	32,080	2,716	373	0.14
1988.....	43	847	36,238	2,965	990	0.33
1989.....	44	798	35,615	2,860	1,095	0.38
1990.....	51	771	35,283	2,738	11,654	4.26
1991.....	45	736	38,269	2,989	13,327	4.46
1992.....	56	705	89,144	3,096	567	0.18
TOTAL.....	---	---	---	76,892	117,208	1.52
CITRUS TREE						
1983.....	3	220	18,643	757	0	0.00
1984.....	3	230	21,085	832	18,726	22.51
1985.....	3	517	9,187	426	327	0.77
1986.....	3	547	14,341	660	58	0.09
1987.....	3	570	26,320	1,083	0	0.00
1988.....	3	574	32,956	1,351	0	0.00
1989.....	3	578	42,722	1,753	1	0.00
1990.....	5	631	55,152	2,235	54,521	24.39
1991.....	3	455	9,976	484	0	0.00
1992.....	3	570	21,664	1,198	0	0.00
TOTAL.....	---	---	---	10,779	73,633	6.83

GOVERNMENT AND REINSURANCE OPERATIONS
CROP INSURANCE EXPERIENCE BY YEAR 1948-1992
ALL PROGRAMS
(DOLLARS IN THOUSANDS)

PROGRAM AND CROP YEAR	COUNTY PROGRAMS (NUMBER)	POLICIES EARNED PREMIUM (NUMBER)	AMOUNT OF PROTECTION (DOLLARS)	AMOUNT OF PREMIUM (DOLLARS)	AMOUNT OF INDEMNITIES (DOLLARS)	LOSS RATIO
COMBINED CROP						
1948-1980...	---	---	789,307	37,511	44,222	1.18
1981.....	7	1,069	19,367	801	139	0.17
1982.....	5	809	15,961	659	211	0.32
1983.....	5	702	10,589	406	251	0.62
1984.....	5	573	11,035	399	38	0.10
1985.....	5	506	9,590	348	207	0.59
1986.....	5	398	6,754	199	230	1.16
1987.....	5	334	4,425	127	143	1.13
1988.....	0	0	0	0	0	0.00
TOTAL.....	---	---	---	40,450	45,441	1.12
CORN						
1948-1980...	12,896	1,927,715	5,626,659	290,866	315,193	1.08
1981.....	1,335	104,856	1,492,870	90,835	52,492	0.58
1982.....	2,829	83,911	1,259,258	72,288	37,912	0.52
1983.....	2,832	61,709	705,833	40,577	110,520	2.72
1984.....	2,850	97,462	1,888,003	105,094	93,661	0.89
1985.....	2,850	106,727	2,294,334	114,494	71,023	0.62
1986.....	2,850	109,077	1,907,809	100,434	82,866	0.83
1987.....	2,850	118,901	1,598,586	79,864	47,024	0.59
1988.....	2,849	119,499	1,796,756	93,501	298,691	3.19
1989.....	2,850	301,147	5,161,920	267,092	243,713	0.91
1990.....	3,608	251,503	4,039,266	213,970	116,750	0.55
1991.....	3,851	190,973	3,292,149	175,918	211,543	1.20
1992.....	2,850	188,770	3,611,251	196,203	158,683	0.81
TOTAL.....	---	---	---	1,841,136	1,840,071	1.00
COTTON						
1948-1980...	6,446	736,153	1,822,490	112,365	176,582	1.57
1981.....	360	5,834	272,894	22,269	24,773	1.11
1982.....	618	6,154	273,499	23,703	44,615	1.88
1983.....	619	7,038	236,536	21,716	37,197	1.71
1984.....	690	12,333	337,544	36,016	58,979	1.64
1985.....	690	9,077	221,890	20,040	11,110	0.55
1986.....	691	12,023	212,586	22,576	63,222	2.80
1987.....	692	16,249	273,119	29,002	13,987	0.48
1988.....	690	15,866	368,837	44,616	39,180	0.88
1989.....	691	26,631	477,287	52,822	126,787	2.40
1990.....	796	35,306	694,918	80,978	102,547	1.27
1991.....	707	30,214	802,813	89,679	179,103	2.00
1992.....	720	28,136	736,007	90,655	288,560	3.18
TOTAL.....	---	---	---	646,437	1,166,642	1.80

GOVERNMENT AND REINSURANCE OPERATIONS
CROP INSURANCE EXPERIENCE BY YEAR 1948-1992
ALL PROGRAMS
(DOLLARS IN THOUSANDS)

PROGRAM AND CROP YEAR	COUNTY PROGRAMS (NUMBER)	POLICIES EARNED PREMIUM (NUMBER)	AMOUNT OF PROTECTION (DOLLARS)	AMOUNT OF PREMIUM (DOLLARS)	AMOUNT OF INDEMNITIES (DOLLARS)	LOSS RATIO
COTTON, ELS						
1984.....	0	11	475	45	0	0.00
1985.....	12	23	1,467	82	0	0.00
1986.....	12	21	1,081	84	0	0.00
1987.....	12	18	665	45	60	1.33
1988.....	12	13	1,210	83	47	0.57
1989.....	12	107	9,821	848	1,495	1.76
1990.....	36	144	8,182	957	2,331	2.44
1991.....	42	129	11,668	917	4,635	5.05
1992.....	42	137	13,894	1,218	3,761	3.09
TOTAL.....	---	---	---	4,279	12,329	2.88
CRANBERRY						
1984.....	0	22	1,597	121	64	0.53
1985.....	0	50	6,323	185	35	0.19
1986.....	0	55	12,705	389	533	1.37
1987.....	0	78	19,772	577	438	0.76
1988.....	32	88	22,445	634	556	0.88
1989.....	32	116	27,230	790	2,134	2.70
1990.....	22	121	26,266	798	1,916	2.40
1991.....	32	130	27,748	960	1,286	1.34
1992.....	32	134	30,226	1,113	4,225	3.80
TOTAL.....	---	---	---	5,567	11,187	2.01
FIG						
1988.....	---	49	1,980	181	181	1.00
1989.....	4	49	3,284	305	306	1.00
1990.....	3	49	3,301	282	658	2.33
1991.....	4	49	3,663	337	441	1.31
1992.....	4	43	4,197	411	43	0.10
TOTAL.....	---	---	---	1,516	1,629	1.07
FLAX						
1948-1980...	2,398	482,238	156,568	17,863	15,901	0.89
1981.....	85	1,711	3,541	489	436	0.89
1982.....	85	1,696	4,186	581	707	1.22
1983.....	87	1,291	2,710	367	323	0.88
1984.....	98	1,213	2,832	367	299	0.81
1985.....	118	1,516	3,815	462	530	1.15
1986.....	118	1,704	4,476	510	671	1.32
1987.....	119	1,466	3,181	370	341	0.92
1988.....	119	1,020	2,046	241	1,094	4.54
1989.....	120	2,148	3,131	390	1,377	3.53
1990.....	178	2,605	5,056	626	647	1.03
1991.....	120	2,542	6,547	884	793	0.90
1992.....	120	1,221	2,384	303	133	0.44
TOTAL.....	---	---	---	23,453	23,252	0.99

GOVERNMENT AND REINSURANCE OPERATIONS
CROP INSURANCE EXPERIENCE BY YEAR 1948-1992
ALL PROGRAMS
(DOLLARS IN THOUSANDS)

PROGRAM AND CROP YEAR	COUNTY PROGRAMS (NUMBER)	POLICIES EARNED PREMIUM (NUMBER)	AMOUNT OF PROTECTION (DOLLARS)	AMOUNT OF PREMIUM (DOLLARS)	AMOUNT OF INDEMNITIES (DOLLARS)	LOSS RATIO
FORAGE						
PRODUCTION						
1979-1980...	6	121	588	34	68	2.00
1981.....	3	51	224	13	41	3.15
1982.....	8	99	554	34	72	2.12
1983.....	8	34	135	7	20	2.86
1984.....	20	32	147	10	13	1.30
1985.....	20	24	104	6	19	3.17
1986.....	20	9	29	1	0	0.00
1987.....	20	7	29	2	0	0.00
1988.....	26	34	692	34	91	2.68
1989.....	143	7,538	36,706	1,690	4,390	2.60
1990.....	195	5,749	45,104	2,548	8,387	3.29
1991.....	180	2,994	19,796	1,371	2,581	1.88
1992.....	180	1,926	13,945	1,129	4,410	3.91
TOTAL.....	---	---	---	6,879	20,092	2.92
FORAGE						
SEEDING						
1978-1980...	9	285	203	16	78	4.88
1981.....	3	127	130	13	57	4.38
1982.....	8	134	274	10	27	2.70
1983.....	8	84	80	6	6	1.00
1984.....	8	77	79	6	10	1.67
1985.....	8	62	65	6	10	1.67
1986.....	8	46	50	4	6	1.50
1987.....	21	44	55	4	4	1.00
1988.....	21	32	40	4	3	0.75
1989.....	63	185	280	23	76	3.30
1990.....	118	1,207	2,420	191	607	3.18
1991.....	151	996	1,823	153	447	2.92
1992.....	151	933	1,960	164	456	2.78
TOTAL.....	---	---	---	600	1,787	2.98
GRAIN SORGHUM						
1959-1980...	3,161	177,920	392,488	24,515	25,829	1.05
1981.....	441	18,781	150,980	12,901	11,995	0.93
1982.....	2,408	12,867	122,267	10,359	11,938	1.15
1983.....	2,410	9,597	70,239	6,165	12,239	1.99
1984.....	2,471	16,372	174,379	15,459	38,679	2.50
1985.....	2,471	19,768	205,752	14,908	25,006	1.68
1986.....	2,471	21,383	173,271	13,836	25,991	1.88
1987.....	2,471	19,038	108,598	8,322	9,003	1.08
1988.....	2,468	16,545	96,959	7,619	10,471	1.37
1989.....	2,468	42,233	347,452	27,434	66,360	2.42
1990.....	1,858	42,605	203,803	16,081	30,629	1.90
1991.....	2,486	36,491	233,280	19,529	31,638	1.62
1992.....	2,486	35,609	266,481	24,980	21,084	0.84
TOTAL.....	---	---	---	202,108	320,862	1.59

GOVERNMENT AND REINSURANCE OPERATIONS
CROP INSURANCE EXPERIENCE BY YEAR 1948-1992
ALL PROGRAMS
(DOLLARS IN THOUSANDS)

PROGRAM AND CROP YEAR	COUNTY PROGRAMS (NUMBER)	POLICIES EARNED PREMIUM (NUMBER)	AMOUNT OF PROTECTION (DOLLARS)	AMOUNT OF PREMIUM (DOLLARS)	AMOUNT OF INDEMNITIES (DOLLARS)	LOSS RATIO
GRAPE						
1967-1989...	117	3,703	47,434	2,710	2,694	0.99
1981.....	20	619	18,334	1,134	959	0.85
1982.....	27	783	40,271	2,409	5,494	2.28
1983.....	30	1,271	86,625	5,288	13,609	2.57
1984.....	47	1,262	56,549	3,571	3,409	0.95
1985.....	60	887	29,662	2,020	1,586	0.79
1986.....	60	732	22,659	1,610	1,174	0.73
1987.....	60	771	31,093	2,199	859	0.39
1988.....	66	749	33,892	2,438	443	0.18
1989.....	97	850	42,337	3,096	2,117	0.68
1990.....	76	889	48,104	3,514	2,449	0.70
1991.....	117	903	74,769	5,728	6,242	1.09
1992.....	117	795	60,180	4,497	3,020	0.67
TOTAL.....	---	---	---	40,214	44,055	1.10
GRAPE, TABLE						
1984.....	10	221	21,019	1,674	5,151	3.08
1985.....	10	223	19,648	1,451	2,139	1.47
1986.....	10	162	12,683	1,032	897	0.87
1987.....	10	122	9,338	765	274	0.36
1988.....	10	94	7,563	573	350	0.61
1989.....	13	86	8,693	643	371	0.58
1990.....	8	68	7,519	555	90	0.16
1991.....	14	84	12,287	899	670	0.75
1992.....	14	72	10,297	720	221	0.31
TOTAL.....	---	---	---	8,312	10,163	1.22
HYBRID SEED,CORN						
1983.....	68	197	5,334	268	3,537	13.20
1984.....	68	709	27,208	1,458	4,426	3.04
1985.....	398	4,250	145,013	10,396	7,043	0.68
1986.....	398	3,903	97,123	6,783	4,784	0.71
1987.....	398	3,017	69,920	4,795	4,537	0.95
1988.....	398	3,811	100,951	6,886	35,001	5.08
1989.....	414	6,329	177,091	12,218	11,381	0.93
1990.....	247	5,332	139,766	10,061	7,738	0.77
1991.....	432	5,252	122,529	9,737	12,194	1.25
1992.....	432	5,245	126,013	11,010	3,046	0.28
TOTAL.....	---	---	---	73,612	93,687	1.27

GOVERNMENT AND REINSURANCE OPERATIONS
CROP INSURANCE EXPERIENCE BY YEAR 1948-1992
ALL PROGRAMS
(DOLLARS IN THOUSANDS)

PROGRAM AND CROP YEAR	COUNTY PROGRAMS (NUMBER)	POLICIES EARNED PREMIUM (NUMBER)	AMOUNT OF PROTECTION (DOLLARS)	AMOUNT OF PREMIUM (DOLLARS)	AMOUNT OF INDEMNITIES (DOLLARS)	LOSS RATIO
MACADAMIA NUT						
1988.....	—	7	2,631	37	0	0.00
1989.....	4	20	2,359	22	0	0.00
1990.....	1	21	2,593	25	0	0.00
1991.....	4	3	1,226	13	0	0.00
1992.....	4	3	1,260	14	0	0.00
TOTAL....	—	—	—	111	0	0.00
MACADAMIA TREE						
1988.....	—	7	11,727	164	0	0.00
1989.....	4	9	19,420	257	0	0.00
1990.....	1	10	18,855	251	0	0.00
1991.....	4	10	17,471	248	0	0.00
1992.....	4	9	16,758	219	0	0.00
TOTAL....	—	—	—	1,139	0	0.00
NURSERY STOCK						
1984.....	—	0	0	0	0	0.00
1985.....	—	4	10,754	213	0	0.00
1986.....	—	24	8,921	270	0	0.00
1987.....	—	33	11,527	360	14	0.04
1988.....	—	0	0	0	0	0.00
1989.....	—	14	2,626	73	0	0.00
1990.....	—	19	9,651	250	1,216	4.86
1991.....	—	52	16,767	466	1,305	2.80
1992.....	—	62	19,263	527	8,244	15.64
TOTAL.....	—	—	—	2,159	10,779	4.99
OAT						
1959-1980...	4,857	448,665	167,580	11,571	9,776	0.84
1981.....	429	15,129	29,105	3,034	4,314	1.42
1982.....	550	11,436	22,050	2,108	1,241	0.59
1983.....	938	7,669	13,033	1,335	1,017	0.76
1984.....	2,532	7,406	13,429	1,378	1,705	1.24
1985.....	2,532	7,713	14,555	1,359	2,008	1.48
1986.....	2,532	5,894	8,548	771	1,333	1.73
1987.....	2,532	7,114	8,605	740	990	1.34
1988.....	2,532	9,940	16,792	1,736	9,771	5.63
1989.....	2,531	58,328	84,978	8,038	22,561	2.81
1990.....	1,988	39,396	76,984	8,104	11,789	1.45
1991.....	2,734	22,646	33,336	4,128	5,963	1.44
1992.....	2,734	18,145	26,802	3,683	2,011	0.55
TOTAL.....	—	—	—	47,985	74,479	1.55
ONION						
1988.....	—	89	4,604	305	579	1.90
1989.....	63	142	5,804	364	1,014	2.79
1990.....	50	144	6,202	395	610	1.54
1991.....	64	179	8,603	602	2,313	3.84
1992.....	64	90	3,597	277	469	1.69
TOTAL.....	—	—	—	1,943	4,985	2.57

GOVERNMENT AND REINSURANCE OPERATIONS
CROP INSURANCE EXPERIENCE BY YEAR 1948-1992
ALL PROGRAMS
(DOLLARS IN THOUSANDS)

PROGRAM AND CROP YEAR	COUNTY PROGRAMS (NUMBER)	POLICIES EARNED PREMIUM (NUMBER)	AMOUNT OF PROTECTION (DOLLARS)	AMOUNT OF PREMIUM (DOLLARS)	AMOUNT OF INDEMNITIES (DOLLARS)	LOSS RATIO
PEA						
1962-1980...	808	54,695	102,907	7,580	9,662	1.27
1981.....	75	1,181	7,922	613	416	0.68
1982.....	85	1,030	9,527	698	480	0.69
1983.....	89	983	7,597	616	582	0.94
1984.....	100	937	7,482	612	560	0.92
1985.....	149	1,076	12,127	952	889	0.93
1986.....	150	1,080	11,320	896	664	0.74
1987.....	153	1,268	12,531	1,008	569	0.56
1988.....	161	2,554	1,680	1,680	3,062	1.82
1989.....	37	3,393	25,951	2,195	1,343	0.61
1990.....	190	2,945	25,690	2,235	3,364	1.51
1991.....	189	2,642	21,353	1,856	1,585	0.85
1992.....	189	2,694	22,498	2,089	1,968	0.94
TOTAL.....	---	---	---	23,030	25,144	1.09
PEACH						
1957-1980...	374	7,416	52,820	7,043	8,821	1.25
1981.....	17	98	3,370	275	95	0.35
1982.....	21	109	4,425	394	1,411	3.58
1983.....	25	132	7,656	694	2,086	3.01
1984.....	48	210	13,857	1,300	1,167	0.90
1985.....	82	305	19,390	1,901	5,130	2.70
1986.....	82	509	21,285	2,108	4,189	1.99
1987.....	96	471	17,299	1,876	3,592	1.91
1988.....	166	439	14,198	1,584	3,582	2.26
1989.....	168	686	14,929	1,691	7,936	4.69
1990.....	243	1,077	16,847	1,988	8,344	4.20
1991.....	257	961	16,184	2,226	3,714	1.67
1992.....	257	819	14,243	2,102	6,356	3.02
TOTAL.....	---	---	---	25,182	56,423	2.24
PEANUT						
1962-1980...	1,122	74,839	568,939	29,162	39,295	1.35
1981.....	140	10,364	269,962	14,445	8,953	0.62
1982.....	175	8,710	216,366	11,424	9,172	0.80
1983.....	208	7,592	221,226	13,220	40,084	3.03
1984.....	246	8,320	284,259	17,083	14,220	0.83
1985.....	258	7,981	272,138	15,478	15,069	0.97
1986.....	271	7,981	311,170	16,258	45,673	2.81
1987.....	278	9,516	413,495	21,078	47,818	2.27
1988.....	278	9,949	457,025	22,962	34,655	1.51
1989.....	292	10,993	522,800	26,097	33,294	1.28
1990.....	401	11,195	597,480	30,067	198,887	6.61
1991.....	296	11,909	717,103	42,071	48,979	1.16
1992.....	299	10,799	605,787	39,845	25,050	0.63
TOTAL.....	---	---	---	299,190	561,149	1.88

GOVERNMENT AND REINSURANCE OPERATIONS
CROP INSURANCE EXPERIENCE BY YEAR 1948-1992
ALL PROGRAMS
(DOLLARS IN THOUSANDS)

PROGRAM AND CROP YEAR	COUNTY PROGRAMS (NUMBER)	POLICIES EARNED PREMIUM (NUMBER)	AMOUNT OF PROTECTION (DOLLARS)	AMOUNT OF PREMIUM (DOLLARS)	AMOUNT OF INDEMNITIES (DOLLARS)	LOSS RATIO
PEAR						
1989.....	22	46	1,847	128	1	0.01
1990.....	16	42	2,049	135	21	0.16
1991.....	23	25	629	52	18	0.35
1992.....	23	28	1,146	87	13	0.15
TOTAL.....	---	---	---	402	53	0.13
PEPPER						
1984.....	4	20	3,786	394	544	1.38
1985.....	4	36	4,716	427	1,587	3.72
1986.....	10	76	13,629	1,293	1,923	1.49
1987.....	10	41	10,252	960	199	0.21
1988.....	10	24	7,121	676	409	0.61
1989.....	11	18	5,586	569	877	1.54
1990.....	12	15	4,629	511	1,094	2.14
1991.....	12	11	3,755	385	103	0.27
1992.....	12	13	4,467	496	0	0.00
TOTAL.....	---	---	---	5,711	6,736	1.18
PLUM						
1990.....	8	46	1,562	126	109	0.87
1991.....	7	85	4,105	340	339	1.00
1992.....	7	69	3,787	316	84	0.27
TOTAL.....	---	---	---	782	532	0.68
POPCORN						
1984.....	119	211	5,329	328	1,017	3.10
1985.....	55	365	8,716	477	1,103	2.31
1986.....	113	251	5,496	263	556	2.11
1987.....	175	425	7,745	418	246	0.59
1988.....	184	488	6,488	443	1,080	2.44
1989.....	279	961	18,485	1,173	1,097	0.94
1990.....	270	963	16,517	1,028	948	0.92
1991.....	313	705	11,444	738	1,539	2.09
1992.....	311	890	15,357	1,114	1,324	1.19
TOTAL.....	---	---	---	5,982	8,910	1.49
POTATO						
1962-1980...	107	4,068	22,511	1,297	2,670	2.06
1981.....	4	40	3,605	214	290	1.36
1982.....	4	34	3,275	183	236	1.29
1983.....	49	127	12,471	670	1,836	2.74
1984.....	187	369	40,864	2,266	4,257	1.88
1985.....	98	570	61,734	3,207	10,895	3.40
1986.....	167	729	81,224	3,944	11,493	2.91
1987.....	211	904	104,570	5,564	13,518	2.43
1988.....	237	1,034	129,401	6,718	19,045	2.83
1989.....	305	1,264	153,405	8,128	20,171	2.48
1990.....	277	1,475	184,206	10,740	27,182	2.53
1991.....	331	1,388	202,706	12,014	16,349	1.36
1992.....	331	1,160	170,889	12,482	13,760	1.10
TOTAL.....	---	---	---	67,427	141,702	2.10

GOVERNMENT AND REINSURANCE OPERATIONS
CROP INSURANCE EXPERIENCE BY YEAR 1948-1992
ALL PROGRAMS
(DOLLARS IN THOUSANDS)

PROGRAM AND CROP YEAR	COUNTY PROGRAMS (NUMBER)	POLICIES EARNED PREMIUM (NUMBER)	AMOUNT OF PROTECTION (DOLLARS)	AMOUNT OF PREMIUM (DOLLARS)	AMOUNT OF INDEMNITIES (DOLLARS)	LOSS RATIO
PREV. PLANTING						
ENDORSEMENT						
1982.....	—	0	0	0	0	0.00
1983.....	—	0	0	0	0	0.00
1984.....	—	0	0	0	0	0.00
1985.....	—	0	0	0	0	0.00
1986.....	—	38	388	12	218	18.17
1987.....	—	5	24	1	0	0.00
1988.....	—	0	0	0	0	0.00
1989.....	—	1	7	0	0	0.00
1990.....	—	4	14	1	2	2.00
1991.....	—	72	247	7	41	5.86
1992.....	—	19	120	4	40	10.00
TOTAL.....	---	---	---	25	301	12.04
PREV. PLANTING						
1982.....	10	316	3,571	109	613	5.62
1983.....	10	72	414	13	17	1.31
1984.....	10	25	151	5	2	0.40
1985.....	10	11	61	1	3	3.00
1986.....	10	75	963	29	259	8.93
TOTAL.....	---	---	---	157	894	5.69
PRUNE						
1986.....	13	65	7,551	489	3,415	6.98
1987.....	13	126	11,130	714	121	0.17
1988.....	13	143	12,205	774	1,395	1.80
1989.....	13	171	11,478	736	235	0.32
1990.....	17	191	12,334	806	3,232	4.01
1991.....	15	263	19,145	1,254	1,844	1.47
1992.....	15	263	22,856	1,769	2,183	1.23
TOTAL.....	---	---	---	6,542	12,425	1.90
RAISIN						
1961-1980...	140	30,124	270,213	10,847	10,974	1.01
1981.....	7	1,736	46,060	2,733	11	0.00
1982.....	7	1,724	84,231	5,389	33,854	6.28
1983.....	7	3,452	199,187	19,961	23,176	1.16
1984.....	7	3,311	123,316	9,852	4,700	0.48
1985.....	7	2,779	104,238	8,599	1,259	0.15
1986.....	7	2,172	74,685	6,524	368	0.06
1987.....	7	2,455	101,330	8,891	0	0.00
1988.....	7	2,481	123,340	10,603	0	0.00
1989.....	7	2,702	197,321	16,826	33,804	2.01
1990.....	13	2,274	119,212	10,172	73	0.01
1991.....	7	2,278	114,392	11,055	0	0.00
1992.....	7	1,676	104,498	10,026	68	0.01
TOTAL.....	---	---	---	131,478	108,287	0.82

GOVERNMENT AND REINSURANCE OPERATIONS
CROP INSURANCE EXPERIENCE BY YEAR 1948-1992
ALL PROGRAMS
(DOLLARS IN THOUSANDS)

PROGRAM AND CROP YEAR	COUNTY PROGRAMS (NUMBER)	POLICIES EARNED PREMIUM (NUMBER)	AMOUNT OF PROTECTION (DOLLARS)	AMOUNT OF PREMIUM (DOLLARS)	AMOUNT OF INDEMNITIES (DOLLARS)	LOSS RATIO
RICE						
1960-1980...	484	5,137	109,973	3,231	4,753	1.47
1981.....	80	1,625	82,265	2,278	4,237	1.86
1982.....	146	1,568	88,968	2,405	8,062	3.35
1983.....	146	1,359	54,465	1,676	6,818	4.07
1984.....	165	808	37,059	1,222	1,883	1.54
1985.....	165	857	36,457	1,123	3,025	2.69
1986.....	165	1,023	36,306	1,042	2,911	2.79
1987.....	165	2,136	61,135	1,776	4,777	2.69
1988.....	165	2,537	97,980	2,880	7,577	2.63
1989.....	165	2,673	91,271	2,660	7,898	2.97
1990.....	205	3,090	110,709	3,413	11,803	3.46
1991.....	165	2,686	105,135	3,678	21,324	5.80
1992.....	165	2,978	124,637	5,035	11,300	2.24
TOTAL.....	---	---	---	32,419	96,368	2.97
RYE						
1980.....	3	9	3	1	1	1.00
1981.....	3	3	9	1	0	0.00
1982.....	36	67	253	32	15	0.47
1983.....	36	84	228	27	11	0.41
1984.....	36	106	312	35	13	0.37
1985.....	36	68	165	18	17	0.94
1986.....	36	62	143	13	9	0.69
1987.....	36	70	147	14	10	0.71
1988.....	36	88	166	17	62	3.65
1989.....	54	518	758	88	121	1.38
1990.....	85	267	427	49	46	0.94
1991.....	58	165	256	31	36	1.16
1992.....	58	141	219	28	24	0.86
TOTAL.....	---	---	---	354	365	1.03
SAFFLOWER						
1964-1966...	6	104	20	15	17	1.13
1987.....	40	174	524	68	67	0.99
1988.....	40	231	657	87	347	3.99
1989.....	59	306	4,526	355	1,262	3.55
1990.....	100	450	22,719	2,652	18,766	7.08
1991.....	68	376	3,957	506	1,600	3.16
1992.....	68	387	2,456	361	1,341	3.71
TOTAL.....	---	---	---	4,044	23,400	5.79
SORGHUM, HYBRID SEED						
1988.....	12	21	702	98	219	2.23
1989.....	15	37	1,681	235	968	4.12
1990.....	13	49	2,001	326	1,141	3.50
1991.....	16	44	2,097	395	1,158	2.93
1992.....	16	25	1,554	347	1,322	3.81
TOTAL.....	---	---	---	1,401	4,808	3.43

GOVERNMENT AND REINSURANCE OPERATIONS
CROP INSURANCE EXPERIENCE BY YEAR 1948-1992
ALL PROGRAMS
(DOLLARS IN THOUSANDS)

PROGRAM AND CROP YEAR	COUNTY PROGRAMS (NUMBER)	POLICIES EARNED PREMIUM (NUMBER)	AMOUNT OF PROTECTION (DOLLARS)	AMOUNT OF PREMIUM (DOLLARS)	AMOUNT OF INDEMNITIES (DOLLARS)	LOSS RATIO
SOYBEAN						
1955-1980...	11,726	1,172,478	2,132,591	119,230	106,541	0.89
1981.....	1,089	92,334	1,246,460	96,986	174,317	1.80
1982.....	1,323	83,833	1,350,294	111,163	223,654	2.01
1983.....	1,609	66,944	820,851	73,204	180,564	2.47
1984.....	1,726	87,785	1,237,488	101,108	191,262	1.89
1985.....	1,867	92,295	1,292,284	91,361	157,887	1.73
1986.....	1,868	91,854	1,067,270	72,307	147,435	2.04
1987.....	1,868	101,967	1,166,047	76,033	100,038	1.32
1988.....	1,879	104,768	1,186,748	80,732	155,469	1.93
1989.....	1,883	235,586	2,692,678	150,798	145,124	0.96
1990.....	2,987	193,188	2,024,551	121,665	102,546	0.84
1991.....	1,975	149,626	1,738,034	95,283	97,502	1.02
1992.....	2,073	143,780	1,732,845	93,733	56,762	0.61
TOTAL.....	---	---	---	1,283,603	1,839,101	1.43
STONEFRUIT						
1988.....	16	91	5,261	407	528	1.30
1989.....	16	98	4,860	363	58	0.16
1990.....	17	93	4,817	342	160	0.47
1991.....	16	155	10,724	775	652	0.84
1992.....	16	110	7,396	540	232	0.43
TOTAL.....	---	---	---	2,427	1,630	0.67
SUGAR BEET						
1965-1980...	1,241	25,721	263,887	11,484	8,899	0.77
1981.....	104	1,215	60,567	3,066	2,293	0.75
1982.....	114	736	34,304	1,719	707	0.41
1983.....	105	603	29,541	1,461	1,120	0.77
1984.....	123	610	33,382	1,690	1,330	0.79
1985.....	144	707	41,037	1,932	1,999	1.03
1986.....	145	928	56,717	2,662	2,832	1.06
1987.....	143	1,477	98,459	4,518	2,700	0.60
1988.....	145	2,053	145,166	6,366	12,411	1.95
1989.....	153	2,985	185,686	7,902	8,882	1.12
1990.....	173	3,872	255,809	12,430	15,104	1.22
1991.....	155	4,057	276,277	13,413	12,618	0.94
1992.....	152	4,246	268,488	12,137	5,661	0.47
TOTAL.....	---	---	---	80,780	76,556	0.95

GOVERNMENT AND REINSURANCE OPERATIONS
CROP INSURANCE EXPERIENCE BY YEAR 1948-1992
ALL PROGRAMS
(DOLLARS IN THOUSANDS)

PROGRAM AND CROP YEAR	COUNTY PROGRAMS (NUMBER)	POLICIES EARNED PREMIUM (NUMBER)	AMOUNT OF PROTECTION (DOLLARS)	AMOUNT OF PREMIUM (DOLLARS)	AMOUNT OF INDEMNITIES (DOLLARS)	LOSS RATIO
SUGARCANE						
1967-1980...	181	3,906	98,409	3,232	2,791	0.86
1981.....	20	111	15,291	623	758	1.22
1982.....	23	114	28,192	1,263	1,015	0.80
1983.....	23	85	28,060	1,342	6,615	4.93
1984.....	23	72	18,565	885	1,987	2.25
1985.....	23	64	13,580	838	712	0.85
1986.....	23	50	9,834	628	117	0.19
1987.....	23	37	9,702	530	107	0.20
1988.....	23	41	8,711	466	5	0.01
1989.....	23	43	9,156	489	4,596	9.40
1990.....	17	70	10,985	628	1,787	2.85
1991.....	23	110	14,380	949	499	0.53
1992.....	23	114	15,524	1,131	391	0.35
TOTAL.....	---	---	---	13,004	21,380	1.64
SUNFLOWER						
1976-1980...	154	15,167	110,747	7,462	7,686	1.03
1981.....	83	6,562	78,183	6,584	4,748	0.72
1982.....	106	6,741	83,300	6,939	9,837	1.42
1983.....	108	4,648	43,636	3,586	3,873	1.08
1984.....	138	5,553	59,605	4,816	7,483	1.55
1985.....	165	5,516	62,953	4,984	18,942	3.80
1986.....	165	4,564	41,229	3,477	5,472	1.57
1987.....	169	41,068	33,522	2,789	1,530	0.55
1988.....	194	5,975	43,995	3,902	8,647	2.22
1989.....	219	7,979	59,540	5,418	9,562	1.76
1990.....	315	8,884	70,341	6,386	6,345	0.99
1991.....	237	9,685	99,843	9,669	7,981	0.83
1992.....	237	6,699	58,222	5,823	10,398	1.79
TOTAL.....	---	---	---	71,835	102,504	1.43
SWEET CORN						
1979-1980...	9	320	1,417	91	54	0.59
1981.....	25	191	634	43	48	1.12
1982.....	53	269	1,315	92	47	0.51
1983.....	53	272	1,452	102	141	1.38
1984.....	90	329	2,607	177	80	0.45
1985.....	144	400	4,995	310	267	0.86
1986.....	159	413	4,497	285	146	0.51
1987.....	176	605	7,145	447	226	0.51
1988.....	189	1,906	19,356	1,120	1,957	1.75
1989.....	199	2,982	27,936	1,637	831	0.51
1990.....	166	2,469	26,760	1,613	1,178	0.73
1991.....	213	2,261	25,293	1,499	886	0.59
1992.....	293	2,003	23,110	1,290	1,368	1.06
TOTAL.....	---	---	---	8,706	7,229	0.83

GOVERNMENT AND REINSURANCE OPERATIONS
CROP INSURANCE EXPERIENCE BY YEAR 1948-1992
ALL PROGRAMS
(DOLLARS IN THOUSANDS)

PROGRAM AND CROP YEAR	COUNTY PROGRAMS (NUMBER)	POLICIES EARNED PREMIUM (NUMBER)	AMOUNT OF PROTECTION (DOLLARS)	AMOUNT OF PREMIUM (DOLLARS)	AMOUNT OF INDEMNITIES (DOLLARS)	LOSS RATIO
SWEET CORN, FM						
1985.....	1	16	2,286	114	310	2.72
1986.....	1	36	7,381	411	659	1.60
1987.....	1	40	7,671	415	566	1.36
1988.....	2	52	9,050	502	601	1.20
1989.....	7	42	8,035	477	683	1.43
1990.....	10	39	9,448	501	657	1.31
1991.....	12	38	9,269	632	225	0.36
1992.....	12	42	9,541	738	0	0.00
TOTAL.....	---	---	---	3,790	3,701	0.98
TOBACCO						
1948-1980...	6,210	2,297,418	3,205,336	159,875	166,709	1.04
1981.....	308	64,015	969,451	26,600	23,648	0.89
1982.....	335	59,928	981,207	26,568	26,385	0.99
1983.....	403	52,021	828,398	24,283	71,528	2.95
1984.....	489	53,136	832,838	24,609	12,251	0.50
1985.....	489	44,713	642,461	18,120	10,682	0.59
1986.....	489	34,926	463,188	13,711	23,683	1.73
1987.....	494	31,113	518,099	14,907	22,672	1.52
1988.....	495	28,931	592,151	16,938	15,308	0.90
1989.....	499	28,565	640,184	18,318	30,885	1.69
1990.....	728	30,196	726,905	22,162	20,081	0.91
1991.....	500	27,934	747,899	24,182	23,554	0.97
1992.....	496	26,097	753,354	25,299	29,556	1.17
TOTAL.....	---	---	---	415,572	476,942	1.15
TOMATO						
1963-1980...	181	2,528	11,324	705	529	0.75
1981.....	18	57	5,266	296	117	0.40
1982.....	21	84	14,074	764	1,957	2.56
1983.....	21	185	31,802	1,856	2,582	1.39
1984.....	29	279	55,970	3,321	3,487	1.05
1985.....	47	302	55,445	3,292	2,110	0.64
1986.....	65	299	56,340	3,912	2,040	0.52
1987.....	74	268	48,299	3,129	971	0.31
1988.....	84	345	58,393	3,721	2,534	0.68
1989.....	106	459	77,181	4,944	8,333	1.69
1990.....	93	624	86,584	5,649	3,786	0.67
1991.....	121	616	102,253	6,515	3,980	0.61
1992.....	121	425	61,749	3,714	1,575	0.42
TOTAL.....	---	---	---	41,818	34,001	0.81

GOVERNMENT AND REINSURANCE OPERATIONS
CROP INSURANCE EXPERIENCE BY YEAR 1948-1992
ALL PROGRAMS
(DOLLARS IN THOUSANDS)

PROGRAM AND CROP YEAR	COUNTY PROGRAMS (NUMBER)	POLICIES EARNED PREMIUM (NUMBER)	AMOUNT OF PROTECTION (DOLLARS)	AMOUNT OF PREMIUM (DOLLARS)	AMOUNT OF INDEMNITIES (DOLLARS)	LOSS RATIO
TOMATO, FM						
1984.....	4	39	14,307	903	5,527	6.12
1985.....	4	55	27,876	1,919	11,314	5.90
1986.....	13	87	52,446	3,861	5,001	1.30
1987.....	26	146	69,385	6,346	3,609	0.57
1988.....	26	110	42,307	4,543	1,024	0.23
1989.....	49	93	36,578	3,740	3,640	0.97
1990.....	41	99	37,736	4,317	10,265	2.38
1991.....	54	119	52,073	6,488	3,190	0.49
1992.....	54	82	23,178	2,819	582	0.21
TOTAL	---	---	---	34,936	44,152	1.26
TUNG NUT						
1965-1970...	6	177	458	90	67	0.74
TOTAL.....	---	---	---	90	67	0.74
WALNUT						
1984.....	22	71	2,621	148	116	0.78
1985.....	29	51	1,842	102	7	0.07
1986.....	29	48	2,005	109	322	2.95
1987.....	29	50	2,118	116	18	0.16
1988.....	29	48	1,870	96	24	0.25
1989.....	29	86	2,901	146	296	2.03
1990.....	19	88	3,889	180	291	1.62
1991.....	29	127	7,735	374	92	0.25
1992.....	29	99	5,133	274	635	2.32
TOTAL.....	---	---	---	1,545	1,801	1.17
WHEAT						
1948-1980...	18,633	3,031,885	6,682,338	472,273	497,712	1.05
1981.....	942	73,690	999,931	75,533	73,025	0.97
1982.....	2,820	87,614	1,265,379	98,337	86,192	0.88
1983.....	2,830	67,789	779,814	57,000	50,072	0.88
1984.....	2,848	71,084	999,014	73,426	117,799	1.60
1985.....	2,848	80,795	1,183,489	89,927	222,512	2.47
1986.....	2,849	74,860	1,088,436	69,248	118,003	1.70
1987.....	2,849	75,824	851,916	56,253	57,898	1.03
1988.....	2,849	91,284	1,050,488	75,405	296,532	3.93
1989.....	2,849	143,599	1,797,771	138,376	315,701	2.28
1990.....	3,347	193,310	2,434,133	199,204	178,842	0.90
1991.....	2,853	145,090	1,588,813	129,098	183,174	1.42
1992.....	2,853	138,006	1,741,253	146,150	201,153	1.38
TOTAL.....	---	---	---	1,680,230	2,398,615	1.43

GOVERNMENT AND REINSURANCE OPERATIONS
CROP INSURANCE EXPERIENCE BY YEAR 1948-1992
ALL PROGRAMS
(DOLLARS IN THOUSANDS)

PROGRAM AND CROP YEAR	COUNTY PROGRAMS (NUMBER)	POLICIES EARNED PREMIUM (NUMBER)	AMOUNT OF PROTECTION (DOLLARS)	AMOUNT OF PREMIUM (DOLLARS)	AMOUNT OF INDEMNITIES (DOLLARS)	LOSS RATIO
PUERTO RICO REINSURANCE						
1968-1978...	---	0	11,883	618	90	0.15
1983.....	---	3,495	35,314	2,151	795	0.37
1984.....	---	3,814	37,948	1,826	4,929	2.70
1985.....	---	0	0	0	0	0.00
1986.....	---	71	6,369	1,217	102	0.08
1987.....	---	2,271	45,410	1,416	0	0.00
1988.....	---	2,310	48,299	1,567	0	0.00
1989.....	---	3,020	57,324	1,789	7,963	4.45
1990.....	---	3,493	65,973	2,038	48	0.02
1991.....	---	2,280	44,649	1,340	5	0.00
1992.....	---	2,048	41,825	1,393	19	0.01
TOTAL.....	---	---	---	15,355	13,951	0.91

GRAND TOTAL

1948-1980	71,279	10,503,243	26,721,749	1,419,456	1,562,207	1.10
1981	5,969	418,631	5,982,033	379,169	408,101	1.08
1982	14,498	387,692	6,133,354	398,671	528,157	1.32
1983	15,415	314,401	4,405,594	291,363	587,691	2.02
1984	18,044	394,258	6,645,448	435,588	639,969	1.47
1985	18,765	415,217	7,167,604	439,733	684,364	1.56
1986	19,027	407,096	6,246,488	381,763	616,993	1.62
1987	19,263	472,251	6,134,854	366,640	369,163	1.01
1988	19,508	461,630	6,992,087	437,654	1,053,775	2.41
1989	20,193	951,679	13,666,766	820,763	1,215,763	1.48
1990	21,085	897,375	12,882,284	838,040	1,028,581	1.23
1991	21,373	708,280	11,270,369	737,146	953,257	1.29
1992	21,568	665,167	11,371,187	760,023	921,374	1.21
	285,987	16,996,920	125,619,817	7,706,009	10,569,395	1.37

The following table reflects pertinent data relative to the level of activity associated with the direct sales of crop insurance by FCIC since 1939. This program will be phased out with the shifting of the delivery of insurance to the reinsured companies in the 1995 crop year.

GOVERNMENT OPERATIONS - SUMMARY OF EXPERIENCE 1939-1992
(Dollars in Thousands)

Year	Amount of Protection	Premium	Indemnities	Premium (As % of Protection)	Indemnities (As % of Protection)	Loss Ratio
1939-47	\$ 1,564,916	\$147,241	\$218,543	9.4%	14.0%	1.48
1948-80	26,721,749	1,419,456	1,562,207	5.3%	5.8%	1.10
1981	5,797,132	366,361	398,751	6.3%	6.9%	1.09
1982	4,856,758	320,659	458,459	6.6%	9.4%	1.43
1983	2,778,428	184,113	404,867	6.6%	14.6%	2.20
1984	2,654,809	175,590	254,578	6.6%	9.6%	1.45
1985	1,868,678	117,402	211,577	6.3%	11.3%	1.78
1986	1,228,998	77,706	122,082	6.3%	9.9%	1.57
1987	974,573	60,941	68,191	6.3%	7.0%	1.12
1988	959,077	63,991	153,394	6.7%	16.0%	2.40
1989	1,309,529	91,737	149,455	7.0%	11.4%	1.63
1990	1,311,334	96,225	162,884	7.3%	12.4%	1.69
1991	1,111,878	80,477	101,088	7.2%	9.0%	1.26
1992	928,068	66,379	77,518	7.2%	8.4%	1.17
1939-92	\$54,065,927	\$3,268,278	\$4,343,594	6.0%	8.0%	1.33

FCIC OPERATING EXPERIENCE - CROP YEAR 1992

Government insurance operations for crop year 1992 show indemnities exceeding premium by \$11.1 million with a loss ratio of 1.17. The amount of protection for crop year 1992 was \$928 million.

Premium Income

For the crop year 1992, net producer premium for government operations totaled \$49.4 million. Federal subsidy of \$16.9 million, added to the net producer premium income, resulted in total premium income for government operations of \$66.3 million, which represents an overall decrease of \$14.1 million (or about 17.5 percent) from crop year 1991.

Indemnities

The crop year 1992 indemnities totaled \$77.5 million with a loss ratio of 1.17. Wheat, corn, and cotton with indemnities of \$24.5 million, \$8.9 million, and \$8.7 million and loss ratios of 1.29, .89 and 2.10, respectively, accounted for 54 percent of the total dollar loss.

The following table reflects the level of insurance activity associated with the delivery by the reinsured companies. The reinsured program began in crop year 1981 and continues to be strengthened for delivery of crop insurance.

REINSURANCE OPERATIONS - SUMMARY OF EXPERIENCE 1981-1992
(dollars in thousands)

Year	Amount of Protection	Premium	Indemnities	Premium (As % of Protection)	Indemnities (As % of Protection)	Loss Ratio
1981	\$184,901	\$12,808	\$9,350	6.9%	5.1%	0.73
1982	1,276,596	78,012	69,698	6.1%	5.5%	0.89
1983	1,627,166	107,250	182,824	6.6%	11.2%	1.70
1984	3,990,639	259,998	385,391	6.5%	9.7%	1.48
1985	5,298,926	322,331	472,787	6.1%	8.9%	1.47
1986	5,017,490	304,057	494,911	6.1%	9.9%	1.63
1987	5,160,281	305,699	300,972	5.9%	5.8%	0.98
1988	6,033,010	373,663	900,381	6.2%	14.9%	2.41
1989	12,357,237	729,026	1,066,308	5.9%	8.6%	1.46
1990	11,570,950	741,815	865,697	6.4%	7.5%	1.17
1991	10,158,491	656,669	852,169	6.5%	8.3%	1.30
1992	10,443,119	693,644	843,856	6.6%	8.1%	1.22
1981-92	\$73,118,806	\$4,584,972	\$6,444,344	6.3%	8.8%	1.41

Note: Totals include Puerto Rico Reinsurance.

REINSURANCE OPERATING EXPERIENCE - CROP YEAR 1992

Reinsurance operations for crop year 1992 show indemnities exceeding premium by \$150.2 million with a loss ratio of 1.22. The amount of protection for crop year 1992 was \$10.4 billion.

Premium Income

For crop year 1992, net producer premium for reinsurance operations totaled \$513.6 million. Federal subsidy of \$180.0 million, added to the net producer premium income, resulted in total premium income for reinsurance operations of \$693.6 million, which represents an overall increase of \$36.9 million (or almost 6 percent) from 1991 crop year.

Indemnities

The crop year 1992 indemnities totaled \$843.8 million with a loss ratio of 1.22. Cotton, wheat, corn and soybeans with indemnities of \$279.8 million, \$176.6 million, \$149.7 million and \$52.1 million and loss ratios of 3.23, 1.39, .80, and .60, respectively, accounted for 78 percent of the total dollar loss.

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

Purpose Statement

The Agricultural Stabilization and Conservation Service (ASCS) was established by the Secretary of Agriculture on June 5, 1961, under the authority of Reorganization Plan No. 2 of 1953, in accordance with the Reorganization Act of 1949, as amended (5 U.S.C. 901-913). The warehouse examination function was transferred from the Agricultural Marketing Service to ASCS under Secretary's Memorandum 1020-15, effective May 13, 1984. The U.S. Warehouse Act (7 U.S.C. 241-273) is the legislative authority for this program. The Food Security Act of 1985 (P.L. 99-198), enacted on December 23, 1985, provided for changes to several existing programs and required the implementation of many new programs, primarily those operated through the Commodity Credit Corporation. The Food, Agriculture, Conservation, and Trade Act of 1990 (FACT Act, P.L. 101-624), enacted on November 28, 1990, extended and revised existing programs and provided several new programs.

The ASCS conducts its programs in the field through a number of offices. State and county Agricultural Stabilization and Conservation committees are responsible for local administration of a variety of programs dealing directly with the farmer. Through the farmer-elected Agricultural Stabilization and Conservation (ASC) county committees, ASCS also obtains recommendations and advice in the formulation of program plans and policies. There are 3,052 county committees, 50 ASC State committees, and an ASC committee in Puerto Rico. The Washington headquarters offices and the Kansas City field offices are the principal staff offices for carrying out activities of the Commodity Credit Corporation (CCC). Such functions include accounting for loans and purchases; acquisition, management, storage, and disposition of commodities; and related transportation and accounting activities.

ASCS licenses warehouses and performs inspections of these facilities, for a fee, to reduce the risk of financial loss to depositors storing commodities at licensed facilities. Inspections are also performed on nonlicensed facilities that have storage contracts with CCC for commodities owned by or pledged as collateral to CCC.

Permanent, full-time, end-of-year Federal employment for ASCS for fiscal years 1994 and 1995 is as follows:

<u>Federal Employment</u>	<u>FY 1993 (actual)</u>	<u>FY 1994 (estimate)</u>	<u>FY 1995 (estimated)</u>
Washington Headquarters	725	697	685
Field Offices (States, Kansas City field Offices, and Aerial Photography Field Office)	2,306	2,269	2,210
TOTAL FEDERAL	3,031	2,966	2,895
ASCS county office Staff-years (FTE's)	14,683	14,850	12,560

Following are the principal programs and funding related to ASCS operations:

1. Salaries and Expenses Account. The administrative expenses of Agency programs and other functions assigned to ASCS are funded by this account. The account was established by the Agricultural Appropriation Act of 1963 (P.L. 87-879) to simplify budgetary and accounting requirements and recordkeeping. Salaries and expenses for administering commodity price

support, related CCC programs, warehouse examinations, conservation, and all other programs are financed by direct appropriation, funds transferred from the CCC, user fees, and various transfers, advances, and reimbursements. The Agricultural Appropriation Act of 1964 (P.L. 88-250) authorized the merger of all sources of administrative expense funds, including those transferred from CCC.

2. Conservation Reserve Program. The Conservation Reserve Program (CRP) was mandated by sections 1231-1244 of the Food Security Act of 1985, as amended by sections 1411-1499 of the Food, Agriculture, Conservation, and Trade Act of 1990 and section 1402 of the Omnibus Budget Reconciliation Act of 1993, to establish permanent cover on highly erodible or environmentally sensitive cropland. The primary objective of the CRP is to help farmers obtain environmental improvements by reducing erosion, enhancing water quality, and improving wildlife habitat.

The CRP is authorized in all 50 States, Puerto Rico, and the Virgin Islands on all cropland meeting the following eligibility criteria:

- belongs to land capability class VI through VIII,
- has an erosion index greater than 8 with soil loss above the tolerance ("T") level,
- erodes at three times "T" or more,
- erodes at twice "T" and there is serious gully erosion or if trees are planted,
- is subject to scour erosion,
- belongs to a conservation priority area, designated "319" area, or other environmentally sensitive area approved by the Secretary,
- will be placed into a specific enduring conservation practice or is a designated wellhead protection area or other water quality impaired area, or
- is in certain areas adjoining streams or water bodies and established as a filter strip.

Under the Act, as amended, 38 million acres of eligible land is to be entered into the reserve. The program is administered by State and local ASC committees working under the direction of ASCS. Technical assistance is provided by the Soil Conservation Service, the Forest Service, State forestry agencies, the Cooperative Extension Service, conservation districts and other appropriate agencies.

In exchange for entering land into the reserve, program participants receive annual rental payments in cash or CCC commodities, based on their accepted bids per acre, and the number of acres placed under 10- to 15-year contracts. In addition, farmers will receive 50 percent of the eligible costs of establishing vegetative cover on the reserve acreage. The services and facilities of the CCC are used to issue CRP payments, with annual appropriations provided in advance.

3. Agricultural Conservation Program. This program is authorized by sections 7 to 15, 16(a), 16(f), and 17 of the Soil Conservation and Domestic Allotment Act (P.L. 74-46), as amended and supplemented; sections 1001-1004, 1006-1008, and 1010 of the Agricultural Act of 1970 (P.L. 91-524), as added by the Agriculture and Consumer Protection Act of 1973 (P.L. 93-86); section 1501 of the Food and Agriculture Act of 1977 (P.L. 95-113); and the Energy Security Act of 1980 (P.L. 96-294). The program's primary objective is to conserve the nation's agricultural soil and water resources in order to ensure a continuing adequate supply of food and fiber while enhancing the environment. The ACP focuses on the highest priority resource problems and the most cost-effective practices for dealing with these problems.

Through the ACP, farmers and landowners receive assistance of up to 75 percent of the cost of performing enduring conservation practices that would not be carried out without ACP assistance.

The program is developed jointly by ASC committees, the Soil Conservation Service, the Forest Service, and in most instances, the soil and water conservation districts and State conservation commissions. Program development is done in consultation with National, State, and county ACP conservation review groups, the Cooperative Extension Service, the Farmers Home Administration, and representatives of local agencies and nongovernmental organizations. The Soil Conservation Service, Extension Service, Forest Service, and State forestry agencies provide technical program guidance to ASC committees as well as technical aid to farmers in carrying out conservation practices. The ACP is administered by ASC State, county, and community farmer-elected committees, working under the general direction of ASCS.

4. Wetlands Reserve Program. The Wetlands Reserve Program is authorized by Section 1237 of the Food Security Act of 1985, as added by Title XIV, Section 1438, of the 1990 FACT Act, and amended by the Omnibus Budget Reconciliation Act of 1993. The primary objectives of the program are to preserve and restore wetlands, improve wildlife habitat, and protect migratory waterfowl.

The Secretary of Agriculture, through designated ASC county offices, uses program funds to enter into contracts with landowners that operate farmed or converted wetlands, farmed wetland or prior converted and adjoining land in CRP or riparian corridors. The contracts require participants to provide easements on accepted acres. Technical assistance is provided by the Soil Conservation Service, Fish and Wildlife Service, and Extension Service.

Program participants will receive lump-sum payments for wetlands easements on completion of all wetland restoration practices, and payments for cost-share assistance for carrying out restoration measures and reimbursement of specified overhead costs associated with providing an acceptable easement to USDA. The fiscal year 1992 Appropriations Act (P.L. 102-142) provided initial funding for the program.

5. Colorado River Basin Salinity Control Program. This program is authorized by Section 202(c) of Title II of the Colorado River Basin Salinity Control Act, as amended (43 U.S.C. 1592(c)). The purpose of the program is to reduce salinity in the Colorado River and to improve water quality delivered to downstream users in the U.S. and Mexico by identifying salt source areas, developing plans, and implementing salinity control measures. Measures include improvement of on-farm irrigation water management, related laterals, and erosion management practices. The Federal Government provides financial and technical assistance to landowners to plan, install, and maintain needed soil and water conservation practices, including replacement of incidental fish and wildlife values; conducts research, demonstration, and education activities; and monitors and evaluates program effectiveness. The program provides for up to a 70-percent Federal cost-share rate with reimbursement of 30 percent of ASCS cost-share funds by the States (to be billed by USDI and paid by the States to Treasury), for an effective Federal cost-share level of approximately 49 percent. The program is authorized in the seven Colorado River Basin States, with current emphasis on projects in Colorado, Nevada, Utah, and Wyoming.
6. Forestry Incentives Program. This program is authorized by the Cooperative Forestry Assistance Act of 1978 (P.L. 95-313), as amended by Title XII of the FACT Act. Its objectives are to increase the Nation's production of sawtimber and pulpwood on nonindustrial, private forest lands; to decrease, over time, expected shortages and rising prices of timber; and to help

ensure effective use of available forest lands. Program objectives are met by providing cost-share and technical assistance to landowners to encourage voluntary installation of forestry practices. The program shares up to 65 percent of the cost incurred by the landowner for tree planting and timberstand improvement.

7. Water Bank Program. This program is authorized by the Water Bank Act (P.L. 91-559), enacted December, 1970, as amended by P.L. 96-182, enacted January, 1980. Its objectives are to preserve and improve migratory waterfowl and wildlife-related resources; conserve surface water and reduce runoff, soil and wind erosion; improve flood control; contribute to improved soil moisture; enhance landscape aesthetics; and promote comprehensive water management planning. Ten-year agreements are entered into with landowners and operators in important migratory waterfowl nesting, breeding, and feeding areas for the conservation of specified wetlands.

The agreements are for 10-year periods with provision for renewal for additional periods. Rates are established by the ASC State committee based on prevailing local rental rates. Payment rates may be adjusted at the beginning of the fifth year of the agreements to reflect current land values.

8. Emergency Conservation Program. This program is authorized by Title IV of the Agricultural Credit Act of 1978 (P.L. 95-334) and amended by the Disaster Assistance Act of 1989, section 402. Its objective is to restore to normal agricultural use farmlands damaged by wind erosion, hurricane, flood, or other natural disaster and designated as eligible for assistance by ASC county committees. Also included under the program are water conservation and water enhancement practices during periods of severe drought as determined by the ASCS Deputy Administrator for State and County Operations. Up to 64 percent of the cost of carrying out approved practices under this program is shared with farmers.

9. Rural Clean Water Program. This experimental program is authorized by the Agricultural Appropriation Acts of 1980 (P.L. 96-108) and 1981 (P.L. 96-528). The program is a cooperative endeavor among farmers, various USDA agencies, and EPA to develop and test means of controlling agricultural nonpoint source water pollution in rural areas. Improved water quality is achieved, in keeping with water quality goals and standards, in a cost-effective manner. The program provides financial and technical assistance through long-term contracts of 3 to 10 years to install and maintain best management practices in approved project areas which have critical water quality problems resulting from agricultural activity.

The last RCWP contracts were signed in January 1990, and installation of practices was completed in most projects by the end of 1992. The effectiveness of these practices in reducing pollutants is being evaluated.

10. Dairy Indemnity Program. This program was established by section 3 of P.L. 90-484, "An Act to provide indemnity payments to dairy farmers." This law carried out the intent of P.L. 88-452, Economic Opportunity Act of 1964, which originally authorized indemnity payments. The program was extended through September 30, 1995, by section 110 of the FACT Act of 1990.

Under this program, indemnity payments are made to farmers and manufacturers who are directed to remove their milk or milk products from commercial markets because of (1) residues of chemicals that have been registered and approved by the Federal Government, (2) residues of other chemicals and toxic substances, or (3) nuclear fallout. The authority also provides indemnity payments on cows producing such milk.

11. Commodity Credit Corporation Program Activities. Various commodity price support, export, and related programs have been authorized in numerous laws since the early 1930's. Operations under these programs are financed through the Commodity Credit Corporation. Personnel and facilities of the Agricultural Stabilization and Conservation Service are used in the administration of the CCC programs. The Administrator of ASCS is ex-officio Executive Vice President of the Corporation. Additional information on the commodity price support, export, and related activities of the Commodity Credit Corporation is found elsewhere in these Explanatory Notes.
12. Foreign Assistance Programs and Other Special Activities. Various foreign assistance programs and other special activities are authorized by law. These laws authorize the use of CCC funds and/or facilities to implement the programs. Under the Agricultural Trade Development and Assistance Act of 1954, Public Law 480, 83rd Congress, as amended by section 1512 of the FACT Act of 1990, the Corporation assists in the sale of exported agricultural commodities (Title I) in accordance with credit reform financing provisions; donates commodities to foreign countries to alleviate famine or other emergency conditions and to combat hunger and malnutrition (Title II); and furnishes commodities to least developed countries through government-to-government agreements (Title III). Funds are made available to the Corporation for its costs incurred or to be incurred in connection with P.L. 480 activities. Additional information on these programs is found elsewhere in these Explanatory Notes.
13. Other Activities. The Agricultural Stabilization and Conservation Service is responsible for part of the Department's emergency preparedness work. This activity includes defense readiness for food production; domestic distribution of farm machinery, fertilizer, feed, and seed; food processing and storage; and distribution through the wholesale level. ASCS also performs certain services for other Federal agencies and others on an advance or reimbursable payment basis.

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

Available Funds and Staff - Years
1993 Actual and Estimated, 1994 and 1995

Item	1993 Actual		1994 Estimated		1995 Estimated	
	Amount	Staff - Years	Amount	Staff - Years	Amount	Staff - Years
Salaries & Expenses, ASCS	\$783,432,000	2,966	\$816,801,000 a/	2,918	\$795,098,000	2,829
Agricultural Conservation Program	184,713,000		184,916,000		100,000,000	
Colorado River Basin Salinity Control Program	8,772,700		8,773,000		8,394,000	
Conservation Reserve Program	1,542,098,637		1,743,274,000		1,752,216,000	
Dairy Indemnity Program	5,000		--		--	
Forestry Incentives Program	12,446,000		12,820,000		6,625,000	
Water Bank Program	17,130,000		7,360,000		8,000,000	
Wetlands Reserve Program	--		61,425,000		240,900,000	
Emergency Conservation Program	86,187,000		-- b/		3,000,000	
Subtotal, ASCS	2,634,784,337	2,966	2,835,369,000	2,918	2,914,233,000	2,829
Obligations under other USDA appropriations:.....	49,504,620	280	52,117,104	288	56,550,104	279
Credit Reform Transfers:						
P.L. 480 Program Account	1,036,000	25	1,036,000	25	1,054,000	18
CCC Export Loans Program Account	589,000	14	589,000	14	600,000	11
Total, Credit Reform Transfers	1,625,000	39	1,625,000	39	1,654,000	29
Total Agriculture and Related Agencies Appropriations	2,685,913,957	3,285	2,889,111,104	3,245	2,972,437,104	3,137
Other Federal Funds	11,333,965	3	11,602,000	3	10,971,000	2
Non-Federal Funds	25,279,858	50	7,369,000	16	19,005,000	35
Total, Agricultural Stabilization and Conservation Service	2,722,527,780	3,338	2,908,082,104	3,264	3,002,413,104	3,174

a/ Excludes proposed rescission of \$12,166,700.

b/ Excludes proposed supplemental of \$25,000,000.

NOTE: Staff - years shown do not include staff years for ASCS county and community committee persons and employees of ASCS county committees who are not Federal employees.

ASCS county employee staff - years are as follows:

	Ongoing Programs	Disaster Activities	Total
FY 1993	13,317	1,366	14,683
FY 1994	13,438	1,412	14,850
FY 1995	12,560	-0-	12,560

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE
Permanent Positions by Grade and Staff-Year Summary
1993 and Estimated 1994 and 1995

Grade	1993			1994			1995		
	Head- quarters	Field	Total	Head- quarters	Field	Total	Head- quarters	Field	Total
ES 6	0	0	0	1	0	1	1	0	1
ES 5	2	1	3	3	1	4	3	1	4
ES 4	6	0	6	10	1	11	10	1	11
ES 3	0	0	0	2	0	2	2	0	2
ES 2	1	0	1	0	0	0	0	0	0
ES 1	1	0	1	3	0	3	3	0	3
GS/GM 15	46	27	73	41	24	66	37	20	57
GS/GM 14	93	43	136	84	39	122	75	34	109
GS/GM 13	191	304	495	187	298	485	187	278	465
GS 12	127	668	795	124	655	779	124	645	769
GS 11	36	364	400	35	357	392	35	353	388
GS 10	1	5	6	1	5	6	1	5	6
GS 9	31	131	162	30	128	159	28	128	156
GS 8	12	21	33	12	21	32	11	21	32
GS 7	58	268	326	57	263	319	57	255	312
GS 6	61	215	276	60	211	270	58	209	267
GS 5	45	270	315	44	265	309	42	257	299
GS 4	15	52	67	15	51	66	14	49	63
GS 3	4	6	10	4	6	10	3	6	9
GS 2	3	2	5	3	2	5	2	2	4
GS 1	1	0	1	1	0	1	1	0	1
Ungraded Positions	10	1	11	10	1	11	10	1	11
Total Permanent Positions	744	2,378	3,122	727	2,326	3,053	704	2,265	2,969
Unfilled Positions end-of-year	102	168	270	0	0	0	0	0	0
Total, Permanent Employment, end-of-year	846	2,546	3,392	727	2,326	3,053	704	2,265	2,969
Staff-Year Ceiling	733	2,605	3,338	727	2,537	3,264	707	2,467	3,174

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

CLASSIFICATION BY OBJECTS

1993 and Estimated 1994 and 1995

	<u>1993</u>	<u>1994</u>	<u>1995</u>
Personnel Compensation:			
Headquarters	\$34,450,000	\$35,972,000	\$35,122,000
Field	<u>86,812,000</u>	<u>88,120,000</u>	<u>85,496,000</u>
11 Total personnel compensation	121,262,000	124,092,000	120,618,000
12 Personnel benefits	24,183,000	25,593,000	25,888,000
13 Benefits for former personnel	<u>1,244,000</u>	<u>2,239,000</u>	<u>2,305,000</u>
Total pers. comp. & benefits	<u>146,689,000</u>	<u>151,924,000</u>	<u>148,811,000</u>
Other Objects:			
21 Travel	4,410,000	4,394,000	4,215,000
22 Transportation of things	1,912,000	1,905,000	1,842,000
23.2 Rental payment to others	6,400,000	6,574,000	6,764,000
23.3 Comm., util., & misc. charges	10,427,000	15,760,000	16,115,000
24 Printing and reproduction	2,661,000	2,650,000	2,571,000
25 Other servicesa/	85,859,000	101,312,000	71,403,000
26 Supplies and materials	5,667,000	6,749,000	5,611,000
31 Equipment	19,682,000	25,562,000	23,634,000
41 Grants, subsidies, and contributions b/	2,490,245,000	2,766,634,000	2,688,822,000
42 Insurance claims and indemnities	26,000	21,000	17,000
43 Interest and dividends	9,000	9,000	9,000
44 Refunds	<u>52,000</u>	<u>52,000</u>	<u>50,000</u>
Total other objects	<u>2,627,350,000</u>	<u>2,931,622,000</u> \	<u>2,821,053,000</u>
Total direct obligations	<u>2,774,039,000</u>	<u>3,083,546,000</u>	<u>2,969,864,000</u>

a/ Conservation program obligations are also included in this object class.

b/ County office staff-year costs and conservation program obligations are included here.

Position Data:

Average Salary, ES positions	\$106,318	\$109,691	\$112,555
Average Salary, GM/GS positions	\$39,592	\$40,848	\$41,915
Average Grade, GM/GS positions	10.05	10.10	10.15

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Salaries and Expenses (Including Transfers of Funds)

For necessary administrative expenses of the Agricultural Stabilization and Conservation Service, including expenses to formulate and carry out programs authorized by title III of the Agricultural Adjustment Act of 1938, as amended (7 U.S.C. 1301-1393); the Agricultural Act of 1949, as amended (7 U.S.C. 1421 et seq.); sections 7 to 15, 16(a), 16(f) and 17 of the Soil Conservation and Domestic Allotment Act, as amended (16 U.S.C. 590g-590o, 590p(a), 590p(f), and 590q); sections 1001 to 1004, 1006 to 1008, and 1010 of the Agricultural Act of 1970, as amended (16 U.S.C. 1501 to 1504, 1506 to 1508, and 1510); the Water Bank Act, as amended (16 U.S.C. 1301-1311); the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2101); sections 202(c) and 205 of title II of the Colorado River Basin Salinity Control Act of 1974, as amended (43 U.S.C. 1592(c), 1595); sections 401, 402, and 404 to 406 of the Agricultural Credit Act of 1978 (16 U.S.C. 2201 to 2205); the United States Warehouse Act, as amended (7 U.S.C. 241-273); title XII of the Food Security Act of 1985, as amended (16 U.S.C. 3811 et seq.); and laws pertaining to the Commodity Credit Corporation, [\$732,467,000] \$796,752,000; of which [\$730,842,000] \$795,098,000 is hereby appropriated, and [\$1,036,000] \$1,054,000 is transferred from the Public Law 480 Program Account in this Act and [\$589,000] \$600,000 is transferred from the Commodity Credit Corporation Program Account in this Act: Provided, That other funds made available to the Agricultural Stabilization and Conservation Service for authorized activities may be advanced to and merged with this account: Provided further, That beginning in fiscal year 1995, equipment purchases previously funded by the Commodity Credit Corporation shall be funded from amounts available under this head: Provided further, That these funds shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$100,000 shall be available for employment under 5 U.S.C. 3109: Provided further, That no part of the funds made available under this Act shall be used (1) to influence the vote in any referendum; (2) to influence agricultural legislation, except as permitted in 18 U.S.C. 1913; or (3) for salaries or other expenses of members of county and community committees established pursuant to section 8(b) of the Soil Conservation and Domestic Allotment Act, as amended, for engaging in any activities other than advisory and supervisory duties and delegated program functions prescribed in administrative regulations.

The change in language restricts the use of CCC funds for administrative equipment and other ADP costs.

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICESALARIES AND EXPENSES

Appropriations Act, 1994		\$730,842,000
Budget Estimate, 1995		<u>795,098,000</u>
Increase in Appropriation		<u>+\$ 64,256,000</u>
Adjustment in 1994		
Appropriation Act, 1994	\$730,842,000	
Transfer from Commodity Credit Corporation a/	<u>+85,959,000</u>	
Adjusted Base for 1994		\$816,801,000
Budget Estimate, 1995		<u>795,098,000</u>
Decrease from adjusted 1994		<u>-\$ 21,703,000</u>

a/ Reflects direct appropriation of \$85,959,000, for administrative equipment and other ADP costs previously funded from CCC.

SUMMARY OF INCREASES AND DECREASES
(On basis of adjusted appropriation)

<u>Item of Change</u>	<u>1994 Estimated</u>	<u>Pay Cost</u>	<u>Equipment and Other ADP Related</u>	<u>Other Personnel/ Program Related Changes</u>	<u>1995 Estimated</u>
Salaries and Expenses:					
County Offices.....	\$524,368,000	4,808,000	-0-	-12,957,000	\$516,219,000
Federal Offices.....	<u>292,433,000</u>	<u>1,690,000</u>	<u>-10,042,000</u>	<u>-5,202,000</u>	<u>278,879,000</u>
Total S&E.....	<u>\$816,801,000</u>	<u>6,498,000</u>	<u>-10,042,000</u>	<u>-18,159,000</u>	<u>\$795,098,000</u>

PROJECT STATEMENT
 (On basis of adjusted appropriation)
 (Dollars in Thousands)

	1993 Actual		1994 Estimated		a/ Increase or Decrease	1995 Estimated	
	Amount	Staff- Years	Amount	Staff- Years		Amount	Staff- Years
1. Program formulation and appraisal.....	\$28,958	109	\$30,211	108	-\$2,273	\$27,938	105
2. Operation of supply adjustment, conservation, disaster, and price support programs.....	673,072	2,537	702,210	2,505	-12,826	689,384	2,433
3. Inventory management and merchandising.....	80,612	304	84,102	300	-6,326	77,776	291
4. Warehouse examination.....	790	16	278	5	-278	-0-	-0-
Total available or estimate....	783,432	2,966	816,801	2,918	-21,703 (1)	795,098	2,829
Transfer to OSEC.....	212	-0-	-0-	-0-			
Transfer from CCC.....	-58,718	-0-	-65,959	-0-			
Total, Appropriation	724,926	2,966	730,842	2,918			

NOTE: Under the Secretary's proposed reorganization plan, this account will be part of the Farm Service Agency, the Natural Resources Conservation Service, and the National Appeals Division.

a/ Excludes proposed rescission of \$12,166,700.

PROJECT STATEMENT
 (On basis of available funds)
 (Dollars in Thousands)

	1993 Actual		1994 Estimated a/		Increase or Decrease	1995 Estimated	
	Amount	Staff- Years	Amount	Staff- Years		Amount	Staff- Years
1. Program formulation and appraisal.....	\$28,514	110	\$30,655	108	-\$2,717	\$27,938	105
2. Operation of supply adjustment, conservation, disaster, and price support programs.....	662,752	2,563	712,530	2,505	-23,146	689,384	2,433
3. Inventory management and merchandising.....	79,376	307	85,338	300	-7,562	77,776	291
4. Warehouse examination.....	790	16	278	5	-278	-0-	-0-
Subtotal.....	771,432	2,996	828,801	2,918	-33,703	795,098	2,829
Unobligated balance brought forward from prior year....	-0-	-0-	-12,000	-0-	+12,000	-0-	-0-
Unobligated balance carried forward to next year.....	12,000	-0-	-0-	-0-	-0-	-0-	-0-
Total available or estimate....	783,432	2,996	816,801	2,918	-21,703	795,098	2,829
Transfer to OSEC.....	212	-0-	-0-	-0-			
Transfer from CCC.....	-58,718	-0-	-85,959	-0-			
Total, Appropriation	724,926	2,996	730,842	2,918			

a/ Excludes proposed rescission of \$12,166,700.

EXPLANATION OF PROGRAM

The account "Salaries and Expenses, Agricultural Stabilization and Conservation Service" funds the administrative expenses of program administration and other functions assigned to ASCS. The Budget for Salaries and Expenses, ASCS, reflects funding provided by direct appropriations. Funds made available to ASCS by other agencies for services associated with various programs are also advanced to and merged with this account including the transfer of funds for Credit Reform administrative expenses from other accounts. All administrative funds used by ASCS are consolidated into one account, which provides clarity and better management and control of funds. The consolidation facilitates accounting, fiscal, and budgetary work by eliminating the necessity for making individual allocations and allotments and maintaining and recording obligations and expenditures under numerous separate accounts.

The activities carried out under this account are as follows:

1. Program formulation and appraisal. The supply adjustment, conservation, and commodity support programs have a major impact on the national and, to a lesser extent, the international economy. This activity provides for the development and constant review of the effectiveness of these programs. It also provides for the analysis of data to formulate more effective programs.
2. Operation of supply adjustment, conservation, and price support programs. This activity includes all functions dealing with the administration of programs carried out through the farmer committee system, including (a) developing program regulations and procedures; (b) holding meetings with employees and producers to discuss new programs or changes in existing programs; (c) collecting and compiling basic data for individual farms; (d) establishing individual farm allotments, bases, and yields; (e) notifying producers of established allotments, bases, and yields; (f) determining farm marketing quotas; (g) handling appeals; (h) conducting referendums and certifying results; (i) accepting farmer certifications and checking compliance; (j) accepting producer applications for participation in commodity price stabilizing programs; (k) issuing marketing cards so that production from the allotted acreage can be marketed without penalty; (l) processing producer requests for conservation cost-sharing and issuing conservation reserve rental payments; (m) producer signups and entering into easement agreements for the Wetlands Reserve Program; (n) processing commodity, storage facility, and grain reserve loans and repayments and issuing checks; (o) processing disaster and deficiency payments and issuing checks and commodity certificates; and (p) certifying payment eligibility and monitoring payment limitations.
3. Inventory management and merchandising. This activity includes: (a) overall management of CCC-owned commodities; (b) purchasing commodities; (c) donating commodities; (d) selling commodities (e) processing the redemption of commodity certificates for CCC inventory; and, (f) accounting for loans and commodities.

The foregoing activities serve as administrative support for the following missions of the Department as described previously under Foreign Assistance Programs, Agricultural Stabilization and Conservation Service, and Commodity Credit Corporation, respectively:

- o Agricultural exports
- o Environmental improvement and resource development and use
- o Farm income

4. Warehouse Examination. This activity provides for the examination of warehouses licensed under the U.S. Warehouse Act and non-licensed warehouses storing CCC-owned or pledged commodities. ASCS examiners perform periodic examinations of the facilities and the warehouse records to ensure protection of depositors against potential losses of the stored commodities and to ensure compliance with the U.S. Warehouse Act and any CCC storage agreements.

JUSTIFICATION OF INCREASES AND DECREASES

(1) A net decrease of \$21,703,000 for ASCS Salaries and Expenses (\$816,801,000 available in fiscal year 1994) consisting of:

(a) An increase of \$6,498,000 which reflects the 1.6 percent pay raise.

(b) A decrease of \$10,042,000 for equipment and other ADP related expenses.

Need for Change. These funds are needed to purchase ADP related services and other equipment historically funded by the Commodity Credit Corporation (CCC) to carry out program operations. This activity would be financed through discretionary funds as it is for other USDA agencies.

Nature of Change. This request reflects a change in funding for traditional program related expenditures from the Commodity Credit Corporation to the ASCS Salaries and Expenses Account. The change reflects reclassification of these program support expenses from CCC to the discretionary ASCS administrative account. The cap on discretionary spending would be increased to accommodate this shift in funding source.

(c) A net decrease of \$18,159,000 for personnel/program related changes as follows:

- A decrease of \$31.5 million for a reduction in Federal and County employment costs.

Need for Change. In support of the President's Executive Order mandating a reduction in Federal employment by 1998 and in accordance with the Secretary's Department wide streamlining plan, ASCS plans to reduce through attrition federal office staffing by about 8 percent from 1993 ceiling levels. County office staffing will also be reduced by about 6 percent as part of the streamlining and creation of a Farm Service Agency.

Nature of Change. Although the ASCS Federal staff-year ceiling is 3,174 in 1995, ASCS will be unable to support that number due to other operating costs which must be paid. ASCS will support 3,043 staff years, a decrease of 221 from FY 1994, saving \$9.5 million. County office direct staff years will be reduced by 966 saving \$22 million. This reduction includes disaster related staff years which are not budgeted in 1995.

- A decrease of \$1.9 million for administrative efficiency.

Need for Change. In support of the Secretary's streamlining efforts and the President's Executive Order to reduce overhead outlays from the FY 1993 baseline, budget authority is reduced by \$1,948,000.

Nature of Change. In order to achieve these savings, ASCS will reduce discretionary expenses by \$1.9 million in FY 1995, in areas such as travel, training, postage, supply purchases, printing and reproduction costs.

- An increase of \$9.3 million to pay normal within grade increases, promotions and increased costs for benefits.

Need for Change. This increase is needed to pay normal personnel related costs associated with within grade increases and promotions and the related increased costs associated with contributions to employee retirement systems.

Nature of Change. The request reflects \$2.3 million for Federal office employee costs and \$7 million for county office employees.

- An increase of \$5.9 million to pay for increases in rent and utility costs for ASCS Federal and County offices.

Need for Change. Federal and local ASCS County offices are required to pay for increased rent and utility costs.

Nature of Change. The funding request includes increases of \$0.5 million for Federal offices and \$5.4 million for County offices for rents and utilities.

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

Salaries and Expenses

Summary of Proposed Legislation (Dollars in Thousands)

SUMMARY OF INCREASES AND DECREASES – PROPOSED LEGISLATION

1995

<u>Item of Change</u>	<u>Current Law</u>	<u>Program Changes</u>	<u>President's Request</u>
Salaries and Expenses	\$795,098	-\$40,000	\$755,098

Explanation of Proposed Legislation

The reduction reflects a decrease in direct appropriation to ASCS, which, under crop insurance reform, would be replaced by new fees that ASCS will collect under the proposed legislation. The proposed fee level of \$40 million is based on a fee of \$50 per crop for about 800,000 policies and the collections would be used to administratively support crop insurance functions at county offices.

PROJECT STATEMENT – PROPOSED REORGANIZATION

	1993 Actual		1994 Estimated		Increase or Decrease	1995 Estimated	
	Amount	Staff- Years	Amount	Staff- Years		Amount	Staff- Years
Agricultural Stabilization and Conservation Service							
Salaries and Expenses:							
To Farm Service Agency.....	\$750,543,000	3,237	\$781,576,000	3,162	-\$14,319,000	\$767,257,000	3,072
To Natural Resources Conservation Service.....	31,729,000	80	33,977,000	80	-\$7,384,000	26,593,000	80
To National Appeals Division.....	1,160,000	21	1,248,000	22	0	1,248,000	22
Total, Appropriation.....	783,432,000	3,338	816,801,000	3,264	-\$21,703,000	795,098,000	3,174

EXPLANATION OF PROPOSED REORGANIZATION

The Salaries and Expenses Appropriation of the Agricultural Stabilization and Conservation Service will be separated into three separate entities under the Reorganization Proposal.

Under the proposal, the bulk of the ASCS Salaries and Expenses Account will be transferred to the Farm Service Agency. The FSA will administer commodity price support and production adjustment programs and related commodity operations, including commodity purchase and disposition, storage and warehouse licensing activities.

The Natural Resources Conservation Service portion represents personnel at the national and state office level and salaries and expense funding for administrative support for all conservation cost-share programs except Conservation Reserve Program. Non-Federal ASCS county employees will remain in the FSA and FSA will be reimbursed by NRCS for conservation program functions performed by these employees.

Under the proposal, administrative support costs associated with handling producer ASCS/CCC program appeals will be transferred to an independent National Appeals Division under the Secretary of Agriculture's immediate office. This transfer separates appeals activity from individual agency program delivery activities and provides for final determinations at the Department level.

The following tabulation shows totals in this account for administrative expenses:

Project	1993 Actual	1994 Estimated	1995 Estimated
The obligations are distributed by activities as follows:			
1. Program formulation and appraisal.....	\$31,428,000	\$32,965,000	\$32,380,000
2. Operation of supply adjustment, conservation, disaster and price support programs.....	730,486,000	766,213,000	750,297,000
3. Inventory management and merchandising.....	87,488,000	91,767,000	89,761,000
4. Warehouse examination.....	8,148,000	8,944,000	9,186,000
Total.....	\$857,550,000	\$899,889,000	\$881,624,000
Obligations under direct appropriation.....	771,432,000	828,801,000	795,098,000
Obligations under funds from other sources and consolidated with this account.....	86,118,000	71,088,000	86,526,000
Total.....	857,550,000	899,889,000	881,624,000

HOW ESTIMATES ARE MADE

Following is a brief description of the process for estimating requirements for Salaries and Expenses, ASCS:

County Offices. A work measurement study is made in approximately 160 counties to determine actual time required to complete units of work by category. Time and units reported by these work measurement counties are used to establish coefficients. Coefficients are then applied to units of work reported by all 2,638 headquarter counties for each category of work in each major program or function. Unmeasured work reflects other activities, less subject to this work measurement technique, which are recorded on an actual workday basis. This determines the normal work—days required for the workload involved in each fiscal year. The workload for each major program or function is shown in Table I and reflects changing program requirements.

The actual obligations for 1993, divided by the actual work—years, determined the average work—year cost for 1993. This cost was revised for 1994 and 1995 to reflect related pay adjustments and for changing workload and personnel requirements.

State, Field, and National Office Costs. Requirements for these offices are determined on the basis of past experience and program workload requirements. Table II reflects volume by major activity for field and national offices.

TABLE 1

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE
SALARIES AND EXPENSES, ASCS

Normal Work – Days by Program/Function
FY 1993 Actual, FY 1994 Estimated and FY 1995 Projected

Program/Function	FISCAL YEAR		
	1993 Actual	1994 Estimated	1995 Projected
Conservation and Related Programs.....	300,706	308,845	243,410
Wool and Mohair.....	18,980	18,980	17,818
Loan Activity.....	250,603	206,076	257,197
Compliance.....	661,734	686,338	603,195
Yield and Base Establishment.....	146,587	153,000	80,733
Commodity Program Payments...	555,354	582,020	332,321
Basic Farm Records.....	495,733	503,107	469,012
Peanut Quotas and Marketings....	19,864	19,864	18,648
Tobacco Allotment and Marketings.....	74,992	74,992	70,400
Referenda.....	178	389	939
Administration.....	892,172	889,500	815,408
Committee Elections.....	37,357	37,357	35,069
Miscellaneous.....	132,418	147,495	102,869
State and County Office Automation Project.....	16,494	16,000	14,081
Subtotal.....	3,603,173	3,643,963	3,061,100
Measurement Services.....	170,192	173,635	163,795
FCIC and Reinsured Companies..	44,219	43,468	40,705
Total.....	3,817,583	3,861,066	3,265,600
County Staff Year Equivalent of Total Normal Workdays.....	14,683	14,850	12,560
(Ongoing Workload)	(13,317)	(13,438)	(12,560)
(Disaster Workload)	(1,366)	(1,412)	0

**COMPUTATIONS FOR DEVELOPING
COUNTY OFFICE AND TOTAL COSTS**

The computations below include all funds (Appropriated funds, user fees, other advances and reimbursements) available to Salaries and Expenses, ASCS:

Fiscal Year 1993

Normal work—days (Table 1).....	3,817,583
Work—years for workload programs.....a/	14,683
Obligations for workload programs (county offices).....a/	\$582,766,000
Obligations for other offices.....b/	\$274,784,000
Total obligations, fiscal year 1993.....	\$857,550,000

Fiscal Year 1994

Normal work—days (Table 1).....	3,861,066
Work—years for workload programs.....a/	14,850
Obligations for workload programs (county offices).....a/	\$584,051,000
Obligations for other offices.....b/	\$315,838,000
Total obligations, fiscal year 1994.....	\$899,889,000

Fiscal Year 1995

Normal work—days (Table 1).....	3,265,600
Work—years for workload programs.....a/	12,560
Obligations for workload programs (county offices).....a/	\$575,424,000
Obligations for other offices.....b/	\$306,200,000
Total obligations, fiscal year 1995.....	\$881,624,000

a/ The following work—years and funds are included for reimbursable county office workload associated with the Federal Crop Insurance Act of 1980.

b/ Includes \$58,506,000, \$85,959,000 and \$79,217,000 in FY 1993, FY 1994, and FY 1995, respectively, for equipment and ADP related expenses, previously funded by CCC.

	FY 1993		FY 1994		FY 1995	
	<u>Work—years</u>	<u>Dollars</u>	<u>Work—years</u>	<u>Dollars</u>	<u>Work—years</u>	<u>Dollars</u>
FCIC.....	170	\$6,206,000	167	\$5,862,000	157	\$6,450,000

TABLE II

COMMODITY CREDIT CORPORATION
Summary of Major Program Volume by Commodity
(In thousands)

Item and Commodity	Units	FY 1993 Actual	FY 1994 Estimated	FY 1995 Estimated
1. <u>LOANS MADE</u>				
Upland Cotton	(bales)	8,375	7,289	6,800
Corn	(bu)	1,644,135	818,500	1,598,000
Grain Sorghum	(bu)	45,871	21,700	45,000
Rice, Rough	(cwt)	104,374	49,739	129,411
Wheat	(bu)	270,213	330,000	389,000
Soybeans	(bu)	181,785	124,779	240,000
Minor Oilseeds	(cwt)*	1,192	628	1,033
Other Grains	(bu)**	39,718	60,471	55,142
Honey	(lb)	131,689	124,220	115,320
ELS Cotton	(bales)	140	150	150
2. <u>LOAN COLLATERAL FORFEITURES</u>				
Upland Cotton	(bales)	11	0	0
Corn	(bu)	264	0	0
Grain Sorghum	(bu)	12	0	0
Rice, Rough	(cwt)	945	205	99
Wheat	(bu)	106	0	0
Soybeans	(bu)	1,397	37	567
Minor Oilseeds	(cwt)*	77	0	0
Other Grains	(bu)**	28	0	0
Honey	(lb)	3,122	3,712	3,722
ELS Cotton	(bales)	76	86	100
3. <u>DISPOSITIONS</u>				
Upland Cotton	(bales)			
Regular		122	53	48
Certificates		<u>422</u>	<u>481</u>	<u>417</u>
Total		544	534	465
Corn	(bu)			
Regular		124,860	50,385	12,475
Certificates		14	0	0
Total		124,874	50,385	12,475
Grain Sorghum	(bu)			
Regular		8,423	6,259	3,231
Certificates		0	0	0
Total		8,423	6,259	3,231
Rice, Rough	(cwt)			
Regular		7,520	8,159	4,857
Certificates		<u>4,216</u>	0	0
Total		11,736	8,159	4,857

(continued next page)

TABLE II (continued)

Item and Commodity		Units	FY 1993 Actual	FY 1994 Estimated	FY 1995 Estimated
Wheat		(bu)			
	Regular		160,413	75,716	50,224
	Certificates		<u>0</u>	<u>0</u>	<u>0</u>
	Total		160,413	75,716	50,224
Soybeans		(bu)			
	Regular		1,560	216	532
	Certificates		<u>0</u>	<u>0</u>	<u>0</u>
	Total		1,560	216	532
Minor Oilseeds		(cwt)*			
	Regular		426	2	0
	Certificates		<u>0</u>	<u>0</u>	<u>0</u>
	Total		426	2	0
Other Grains		(bu)**			
	Regular		241	63	0
	Certificates		<u>0</u>	<u>0</u>	<u>0</u>
	Total		241	63	0
Honey		(lb)			
	Regular		6,241	4,500	4,000
	Certificates		<u>0</u>	<u>0</u>	<u>0</u>
	Total		6,241	4,500	4,000
ELS Cotton		(bales)			
	Regular		0	111	90
	Certificates		<u>0</u>	<u>0</u>	<u>0</u>
	Total		0	111	90
4. ENDING INVENTORIES					
	Upland Cotton	(bales)	13	0	0
	Corn	(bu)	56,621	45,000	45,000
	Grain Sorghum	(bu)	3,948	2,000	1,000
	Rice, Rough	(cwt)	846	0	99
	Wheat	(bu)	150,974	147,000	147,000
	Soybeans	(bu)	202	23	58
	Minor Oilseeds	(cwt)*	2	0	0
	Other Grains	(bu)**	5,435	5,372	5,372
	Honey	(lb)	2,889	2,101	1,823
	Els Cotton	(bales)	76	51	61

*Includes sunflower seed, canola, flaxseed, rapeseed, mustard seed and safflower seed.

** Includes barley, oats, and rye.

Agricultural Stabilization and Conservation Service
Salaries and Expenses
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND FEDERAL STAFF-YEARS
1993 and Estimated 1994 and 1995

State	1993		1994		1995	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
Alabama	13,540,480	31	14,031,991	30	13,959,711	30
Alaska	805,238	5	834,468	5	830,169	5
Arizona	2,730,002	11	2,829,099	11	2,814,527	11
Arkansas	14,062,338	29	14,572,792	28	14,497,727	28
California	9,001,474	24	9,328,222	24	9,280,172	24
Colorado	8,356,810	21	8,660,157	21	8,615,548	21
Connecticut	1,371,964	6	1,421,765	6	1,414,442	6
Delaware	980,625	6	1,016,221	6	1,010,986	6
District of Columbia	125,117,000	714	160,406,002	704	128,774,287	689
Florida	8,078,698	20	8,371,949	20	8,328,825	20
Georgia	20,915,962	40	21,675,198	39	21,563,548	38
Hawaii	692,150	5	717,275	5	713,580	5
Idaho	8,009,805	20	8,300,556	20	8,257,799	20
Illinois	30,164,082	37	31,259,018	36	31,098,002	35
Indiana	19,656,154	27	20,369,659	26	20,264,735	25
Iowa	35,245,701	35	36,525,097	34	36,336,955	33
Kansas 1/	62,861,000	1,186	63,762,000	1,140	64,805,198	1,084
Kentucky	18,927,796	32	19,614,863	31	19,513,826	30
Louisiana	10,790,598	25	11,182,290	24	11,124,689	24
Maine	2,830,994	9	2,933,757	9	2,918,645	9
Maryland	3,655,934	11	3,788,642	11	3,769,127	11
Massachusetts	1,442,915	7	1,495,292	7	1,487,590	7
Michigan	16,607,833	26	17,210,686	25	17,122,034	24
Minnesota	21,727,370	28	22,516,059	27	22,400,078	26
Mississippi	15,754,648	34	16,326,531	33	16,242,433	32
Missouri	23,826,529	33	24,691,416	32	24,564,230	31
Montana	11,141,005	22	11,545,416	22	11,485,945	22
Nebraska	27,728,192	37	28,734,707	36	28,586,694	35
Nevada	1,241,301	6	1,286,359	6	1,279,733	6
New Hampshire	1,208,578	6	1,252,449	6	1,245,997	6
New Jersey	1,751,865	8	1,815,457	8	1,806,105	8
New Mexico	4,014,553	13	4,160,279	13	4,138,849	13
New York	8,951,793	21	9,276,737	21	9,228,952	21
North Carolina	21,489,407	37	22,269,458	36	22,154,748	35
North Dakota	18,948,964	29	19,636,799	28	19,535,649	27
Ohio	18,331,819	31	18,997,252	30	18,899,397	29
Oklahoma	14,756,829	31	15,292,492	30	15,213,720	29
Oregon	6,166,758	19	6,390,607	19	6,357,689	19
Pennsylvania	11,139,451	21	11,543,806	21	11,484,343	21
Puerto Rico-Virgin Islands	1,116,818	24	1,157,358	24	1,151,396	23
Rhode Island	455,987	3	472,539	3	470,105	3
South Carolina	9,460,682	25	9,804,099	24	9,753,597	24
South Dakota	16,587,952	23	17,190,084	22	17,101,537	22
Tennessee	17,894,853	33	18,544,424	32	18,448,902	31
Texas	47,743,323	68	49,476,374	66	49,221,522	65
Utah 1/	6,532,955	14	6,770,097	14	6,735,224	14
Vermont	1,766,629	7	1,830,756	7	1,821,326	7
Virginia	12,611,365	28	13,069,149	28	13,001,830	27
Washington	6,599,941	16	6,839,515	16	6,804,284	16
West Virginia	5,572,026	15	5,774,287	15	5,744,543	15
Wisconsin	17,886,463	25	18,535,730	25	18,440,252	25
Wyoming	3,178,391	12	3,293,765	12	3,276,798	12
Direct Obligations/Estimates	771,432,000	2,996	828,801,000	2,918	795,098,000	2,829
Undistributed Reimbursements	86,118,000	342	71,088,000	346	86,526,000	345
Total, Available or Estimate	\$857,550,000	3,338	\$899,889,000	3,264	\$881,624,000	3,174

1/ Included are the direct staff-years for Kansas City Field Offices. (See breakdown below)
Aerial Photography Field Offices (APFO) staff-years in Utah are all reimbursable. They are not included in Utah which contains only direct staff-years.

	1993 Staff-Years	1994 Staff-Years	1995 Staff-Years
Kansas:			
Kansas City Field Offices	1,157	1,119	1,032
Kansas City Warehouse Function	12	5	0
Subtotal	1,169	1,124	1,032

SALARIES AND EXPENSES

STATUS OF PROGRAM

The Salaries and Expenses account includes funds to cover expenses of programs administered by, and functions assigned to, the Agricultural Stabilization and Conservation Service (ASCS). The funds comprising this consolidated account in fiscal year 1993 were by direct appropriation, transfers from the Commodity Credit Corporation (CCC) Export Guarantee Loans Program account, the Public Law 480 Loans program account, and various advances and reimbursements from other sources including user fees.

Responsibility for administration of ASCS farm programs in the field is vested in Agricultural Stabilization and Conservation (ASC) farmer committees. ASC State committees consist of three to five farmer members appointed by the Secretary of Agriculture for a period of one year. ASC county and community committees are elected by farmers who are participating or eligible to participate in any ASCS program.

The Kansas City Commodity Office and Kansas City Management and Financial Management Offices have management responsibility for the proper storage, merchandising, and accounting for CCC-owned inventory. They initiate movements of commodities as necessary from local storage points to interior and terminal warehouses. These commodities are eventually sold or otherwise disposed of in accordance with policies established under law.

The principal activities of ASCS include administration and related activities for production adjustment programs, conservation programs, price support programs, and warehouse examination programs.

Major ASCS programs and related work volume for fiscal year 1993 are described below.

Acreage Allotments, Poundage Quotas, and Marketing Quotas. In accordance with the provisions of the Agricultural Adjustment Act of 1938 and its later amendments, allotment and marketing quota programs were in effect for the 1993 crop of most types of tobacco, and poundage quotas were in effect for peanuts. No marketing quota or poundage quota program can be put into effect without the approval of at least two-thirds of the producers voting in a national referendum.

The current program for each crop is as follows:

Peanuts - Poundage quotas were approved for the 1991-95 crops.

Burley tobacco - Marketing quotas on a poundage basis were approved for the 1992-94 crops. Poundage quotas have been in effect since 1971.

Flue-cured tobacco - Marketing quotas on an acreage/poundage basis were approved for the 1992-94 crops. Acreage/poundage quotas for flue-cured tobacco have been in effect since 1965.

Dark air-cured and fire-cured tobacco - Marketing quotas with acreage allotments were approved for the 1991-93 crops.

Sun-cured tobacco - Marketing quotas with acreage allotments were approved for the 1992-94 crops.

Cigar filler and binder tobacco - Marketing quotas with acreage allotments were approved for the 1993-95 crops.

Number of peanut farms with poundage quotas.....	42,363
Number of tobacco farms with allotments.....	381,679

Agricultural Conservation Program. This program is carried out under the authority contained in sections 7 to 16(a), inclusive, 16(f) and 17 of the Soil Conservation and Domestic Allotment Act, as amended. Objectives stated in the Act include (1) restoring and improving soil fertility, (2) reducing erosion caused by wind and water, (3) conserving water on the land, and (4) encouraging energy conservation in farming operations. The program focuses on the highest priority resource problems and the most cost-effective practices for dealing with these problems.

Cost-sharing assistance is made available to farmers and ranchers in the 50 States, Northern Mariana Islands, Guam, Puerto Rico, and the Virgin Islands for carrying out approved soil-building and soil- and water-conserving practices on their farms. Federal assistance generally covers approximately 50 percent of the cost of carrying out the practice, although up to 75 percent is authorized for certain practices. The farmer pays the balance of the cost and often supplies the labor and management necessary to carry out the practice.

Activities in fiscal year 1993 included:

Number of payment applications	177,036
Number of long-term agreements	19,592
Number of annual agreements	274,525

Feed Grain, Wheat, Cotton and Rice Direct Payment Programs. The main objectives of these programs under provisions of the Food, Agriculture, Conservation, and Trade Act of 1990 (FACT) are to provide price and income protection for farmers and to ensure consumers an adequate supply of food and fiber at reasonable prices. The FACT Act of 1990, applicable for crop years 1991 through 1995, continues the payment provisions of earlier legislation but with several major changes. Deficiency payments in the FACT Act of 1990 have specified target prices "frozen" at 1990 levels through 1995. The FACT Act of 1990 continues discretionary authority to make "loan deficiency" payments to producers who, although eligible, agree to forgo obtaining a loan in return for such payments. As with earlier legislation, authority is continued in the FACT Act of 1990 to offer a voluntary paid land diversion program to producers if additional reduction in planted acres is needed. The FACT Act of 1990 continues eligibility for disaster payments to peanut, soybean, and sugar producers in addition to wheat, feed grain, cotton, and rice producers if prevented from planting their intended crops due to natural disaster or if Federal crop insurance payments and other Federal aid is found insufficient to alleviate an economic emergency. Payments due under the various programs may be made in cash, in kind from CCC-owned stocks, or in negotiable certificates redeemable for CCC-owned commodities.

Activities in fiscal year 1993 included:

Number of commodity bases	5,325,410
Percent of wheat acreage bases enrolled in program	87.0%
Percent of feed-grain acreage bases enrolled in program .	79.0%
Percent of cotton acreage bases enrolled in program	90.3%
Percent of rice acreage bases enrolled in program	95.5%
Number of deficiency payments made	4,953,674
Dollar value of deficiency payments made in cash.....	\$8,606,680,555

Loan and Price Support Program. Support is mandatory for the commodities designated as "basic" in the Agricultural Act of 1949, as amended -- tobacco, peanuts, cotton, wheat, corn, and rice -- and for certain nonbasic commodities -- barley, oats, rye, grain sorghum, honey, sugar, soybeans, other oilseeds (canola, rapeseed, flaxseed, sunflower seed, and mustard seed), seed cotton, milk, and milk products. The Secretary is also authorized, but is not required, to make support available on other nonbasic commodities. Support is available to producers through loans, payments, and purchases. The FACT Act of 1990 continues to make marketing loans available to producers of rice, honey and upland cotton through 1995. Marketing loans have been implemented for the 1993-1995 crops of wheat and feed grains as required by the Omnibus Budget Reconciliation Act of 1990. Marketing loans allow commodity marketing repayments at less than the original loan principal.

Activities under the program include the maintenance and supervision of farmer-held reserves, reinspection of commodities under farm-stored loans, processing of loans and loan repayments, and acquisition of commodities. Loan and price support program activities in fiscal year 1993 included:

<u>Commodity</u>	<u>Number of Loans</u>	<u>Dollar Value of Loans</u> ((\$000))
Corn.....	129,804	\$2,731,156
Grain Sorghum.....	5,498	73,867
Barley.....	4,451	49,333
Wheat.....	31,835	625,073
Rice.....	17,172	676,198
Cotton.....	71,231	2,238,161
Soybeans.....	43,705	904,429
Minor Oilseeds.....	2,767	10,612
Tobacco.....	N/A	487,545
Sugar.....	322	1,105,407
Other.....	<u>32,279</u>	<u>162,269</u>
Total.....	339,064	\$9,064,050
Reinspection of farm-stored loans.....		361,679
Number of farm-stored loans taken over.....		735
Number of warehouse loans acquired (except cotton)..<		410
Number of farm-stored reserve loans.....		5,759
Number of warehouse-stored reserve loans.....		1,523
Number of active reserve loans (farm and warehouse).		5,429

Certificate Programs. The FACT Act of 1990 extends the authority for a number of programs which provide for payments to be made in commodity certificates. These programs include the Market Promotion Program (formally the Targeted Export Assistance Program) and the Export Enhancement programs, designed to maintain and expand export markets for U. S. agricultural commodities and counter unfair trade practices by foreign competitors; the Ethanol Plant Assistance Program to encourage the use of grain in the production of ethanol fuel; and the issuance of marketing certificates to rice producers and cotton warehousemen to increase these commodities' competitiveness in world markets. The Dairy Export Incentive Program (DEIP) was authorized through calendar year 1995 by the Food Security Act of 1985, as amended by the FACT Act of 1990, to provide subsidies to exporters of U. S. products to help them compete with other subsidizing nations.

The Upland Cotton User Marketing Certified Program was authorized through July 31, 1996 to eligible domestic users and exporters of upland cotton. This program was the only active certificate program in fiscal year 1993.

In fiscal year 1993, the total CCC value of certificates issued for all purposes, including the above programs, was \$91,440,362. Commodity certificate activity in fiscal year 1993 included:

Number of Commodity Certificates issued.....	18,619
Number of Commodity Certificates redeemed.....	19,305

Conservation Reserve Program. Section 1231 of the Food Security Act of 1985, as amended by the FACT Act of 1990, requires the Secretary of Agriculture to assist in conserving and improving the nation's soil and water resources by removing from production for a decade or more as much as 44 million acres of highly erodible or environmentally sensitive cropland. Additional program benefits are improving wildlife habitat and reducing production of some commodities that have been in surplus. Farmers must reduce the aggregate total of crop acreage bases for the contract period based on the ratio of total cropland acreage and the amount subject to CRP contract.

Under the Conservation Reserve Program, farmers may sign a 10-15 year contract with USDA to take eligible land out of annual crop production and put it into perennial grass, wildlife plantings, windbreaks, or trees. Under the FACT Act of 1990, farmers also have the option to enter a 15-30 year "useful life easement" agreement. In either case, USDA agrees to provide annual rental payments, in cash or commodities, at a rate determined through a bid process, and to share half the cost of establishing permanent cover on the land.

Activities in fiscal year 1993 included:

Number of active Conservation Reserve Program contracts....	375,202
Number of Conservation Reserve Program cost-share payments.....	32,593
Amount of Conservation Reserve Program cost-share payments.	\$32,018,094
Number of Conservation Reserve Program rental payments.....	508,684
Amount of Conservation Reserve Program annual rental payments	\$1,652,061,942

Wool Act Program. This incentive program, authorized by the National Wool Act of 1954, uses mandatory payments to encourage domestic production of wool and mohair. The FACT Act of 1990 extends the program through December 31, 1995, and establishes payment limitations.

Payments on shorn wool and mohair are based on the percent by which the support level exceeds the average return received by all producers. Individual payments are determined by applying this percentage to the producer's net proceeds from the sale of wool or mohair. This method encourages producers to improve the quality and marketing of their wool or mohair, as a better market price earns a higher support payment.

The law also provides for a payment on sales of unshorn lambs. This payment is made at a rate comparable to the shorn wool payment and is designed to encourage the marketing of lambs without shearing the wool. ASCS county offices receive applications for incentive payments and issue payments to eligible producers.

Number of payments in fiscal year 1993	72,758
Gross Amount of wool and mohair payments.....	\$176,544,365

Warehouse Examination Program. The primary objectives of this program are to (1) protect producers and others, including the Commodity Credit Corporation, who store their commodity in public warehouses; (2) ensure the integrity of warehouse receipts as documents of title to be used as collateral for loans, and to facilitate trading in interstate commerce of agricultural commodities; and (3) set and maintain a standard for sound warehouse operations.

Under the provisions of the U.S. Warehouse Act, ASCS licenses public warehousemen storing agricultural products; licenses weighers, graders and samplers of such products; and supervises the operations of those licensed to ensure compliance with the U.S. Warehouse Act.

Applications for licenses are filed by warehousemen on a voluntary basis. Before licensing, the applicant's storage facilities and operations are examined to determine if they qualify for licensing under the terms of the Act and regulations. After the initial license is issued, the Act provides for examinations of the adequacy of warehouse records, the condition and contents of the warehouse, and audits of the financial records by a public or certified accountant. The licensee is authorized to issue Federal warehouse receipts for products deposited for storage, which are vital instruments in the marketing and financing of farm production.

Warehouse examination services for grain and other warehouses, except cotton, began operating on a user fee basis in fiscal year 1982 according to provisions of the Omnibus Reconciliation Act of 1981. Fees, based on storage capacity, are collected from industry users licensed under the Act and non-licensed users who have storage contracts with CCC.

Licenses, contracts, and examinations in fiscal year 1993 included:

U.S. Warehouse Act Activities

Number of licenses in effect.....	1,536
Number of examinations:	
Grain.....	2,586
Cotton.....	240
Other.....	28

Non-Federally Licensed Activities

Number of contracts in effect.....	1,734
Number of examinations:	
Grain.....	1,562

Disaster Assistance The Dire Emergency Supplemental Appropriations and Transfers Act of 1992, P.L. 102-229, enacted December 12, 1991, provided disaster payments for low yield 1990, 1991, or 1992 crops, cost-share assistance for loss of tree seedlings, assistance for emergency livestock feed, and other emergency provisions due to damaging weather or related conditions. The initial portion of the legislation provided for payments to producers with either 1990 or 1991 eligible tree assistance program and program/nonprogram crop losses. During the initial signup period (February 3, 1992 - March 13, 1992), eligible producers on a farm were limited to receiving assistance in only one of the two crop years. The remaining portion of the funding appropriated by P.L. 102-229 was made available by request of the President on September 2, 1992, for disaster payments on 1990, 1991, or 1992 program/nonprogram crop losses. In fiscal year 1992, \$961.4 million in 90/91 crop disaster payments were made in cash from this appropriation. In fiscal year 1993, \$767.3 million in 90-92 crop disaster payments were made in cash from this appropriation.

The fiscal year 1992 Supplemental Appropriations, Transfers, and Rescission Act, P.L. 102-368, enacted September 23, 1992, provided additional funding for eligible program/nonprogram crop losses associated with natural disasters such as Hurricanes Andrew and Iniki and Typhoon Omar. An initial amount of appropriated funding was available immediately, with an additional amount of \$100 million made available after an official budget request was submitted by the President. In order to pay claims at the same prorated factor as the first payments on 1990 and 1991 crops (50.04 percent), use of CCC funds was also authorized.

The Supplemental Appropriations Act of 1993, P.L. 103-50, enacted July 2, 1993, authorized payments using the remaining balances from P.L. 102-229 and P.L. 102-368 for 1990, 1991, and 1992 crop quality adjustments and for 1993, 1994, and 1995 crop losses related to Hurricanes Andrew and Iniki and Typhoon Omar. The authority to use CCC funds was also rescinded. Payments resulting from applications for disaster payments which were filed after July 2, 1993 were to be made under a newly calculated proration factor. The remaining portion of the \$100 million funding appropriated by P.L. 102-368 was made available by request of the President on July 4, 1993. These funds were to fund losses from natural disasters such as those resulting from the Midwest flooding.

The Emergency Supplemental Appropriations for Relief from the Major, Widespread Flooding in the Midwest Act of 1993, P.L. 103-75, signed August 12, 1993, appropriated funds for 1993 crop losses due to damaging weather and related conditions occurring in 1993. The Act also required the \$100 million released on July 4, 1993 remain available until June 30, 1994, and be used for 1993 crop disaster losses only. An initial amount of appropriated funding was available immediately, with an additional amount made available after an official budget request was submitted by the President. The use of CCC funds was also authorized if extraordinary circumstances existed that warranted further assistance from CCC. The remaining portion of the funding appropriated by P.L. 103-75 was made available by request of the President on August 12, 1993. The use of CCC funds was also authorized on the same day. An application deadline of September 17, 1993 was also established for 1993-1995 crops loss of production claims related to Hurricanes Andrew and Iniki and Typhoon Omar and 1990-1992 crops quality loss claims resulting from other disasters (P.L. 103-50 claims). The Act provides for 1993 crop loss benefits to be paid by June 1994. It also authorizes payments for 1993 crop losses to be made in an amount equal to 100 percent of each eligible claim except for 1993 losses related to Hurricanes Andrew and Iniki and Typhoon Omar.

During the signup period which ends March 4, 1994, payments in an amount of 100 percent of each eligible claim will be made. In fiscal year 1993, \$104.4 million in 1993 crop disaster payments were made from the P.L. 103-75 appropriation.

Disaster payments for 1990, 1991, 1992, and 1993 losses are made in the manner specified in Title XXII of the Food, Agriculture, Conservation and Trade Act of 1990 (the 1990 Act). Under these provisions, program crop losses are made at 65 percent of the target price of the commodity, while nonprogram crop losses are made at 65 percent of the market price of the commodity. Eligibility for assistance is limited to producers with gross revenues of less than \$2 million, and payments to any person cannot exceed \$100,000. The 1990 Act also prohibits duplicate disaster and deficiency payments on the same bushel of lost production and provides that claims in excess of available funding be prorated among eligible producers.

The Emergency Supplemental Appropriations for Relief from the Major, Widespread Flooding in the Midwest Act of 1993, P.L. 103-75, signed August 12, 1993, appropriated funds for 1993 crop losses due to damaging weather and related conditions occurring in 1993. Tree Assistance Program payments made under this appropriation are to be determined in accordance with the FACT Act of 1990. The program activities associated with the Disaster Acts in fiscal year 1993 included:

Number of applications for Livestock Feed Programs (LFP).....	55,981
Number of cost-share assistance applications paid under LFP..	9,567
Amount of LFP cost-share assistance payments issued in cash..	\$62,732,676
Number of Emergency Haying and Grazing applications.....	166,782

Number of Commodities reported on applications for disaster credit.....	589,207
Number of disaster-related farm visits for disaster credit...	104,098
Number of disaster appraisals for Disaster Assistance Program Payments and non-program crops.....	323,945
Number of certifications of Crop Insurance for Disaster Assistance.....	705,278
Amount of 1990/92 Crop Disaster Payments issued in cash.....	\$767,257,228
Amount of 1993 Crop Disaster Payments issued in cash.....	\$104,391,880
Number of applications for the Tree Assistance Program.....	3,697
Amount of cost-share payments for the Tree Assistance Program issued in cash.....	\$15,233,392

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Agricultural Conservation Program (Including Transfers of Funds)

- For necessary expenses to carry into effect the program authorized in sections 7 to 15, 16(a), 16(f), and 17 of the Soil Conservation and Domestic Allotment Act approved February 29, 1936, as amended and supplemented (16 U.S.C. 590g-590o, 590p(a), 590p(f), and 590q), and sections 1001-1004, 1006-1008, and 1010 of the Agricultural Act of 1970, as added by the Agriculture and Consumer Protection Act of 1973 (16 U.S.C. 1501-1504, 1506-1508, and 1510), and including not to exceed \$15,000 for the preparation and display of exhibits, including such displays at State, interstate, and international fairs within the United States, [\$194,650,000]
- 1 \$100,000,000, to remain available until expended (16 U.S.C. 590o), for agreements, excluding administration but including technical assistance and related expenses (16 U.S.C. 590o), except that no participant in the Agricultural Conservation Program shall receive more than \$3,500 per year, except where the participants from two or more farms or ranches join to carry out approved practices designed to conserve or improve the agricultural resources of the community, or where a participant has a long-term agreement, in which case the total payment shall not exceed the annual payment limitation multiplied by the number of years of the agreement: Provided, That no portion of the funds for the current year's program may be utilized to provide financial or technical assistance for drainage on wetlands now designated as Wetlands Types 3 (III) through 20 (XX) in United States Department of the Interior, Fish and Wildlife Circular 39, Wetlands of the United States, 1956: Provided further, That such amounts shall be available for the purchase of seeds, fertilizers, lime, trees, or any other conservation materials, or any soil-terracing services, and making grants thereof to agricultural producers to aid them in carrying out approved farming practices as authorized by the Soil Conservation and Domestic Allotment Act, as amended, as determined and recommended by the county committees, approved by the State committees and the Secretary, under programs provided for herein: Provided further, That such assistance will not be used for
- 2 carrying out measures and practices that are primarily production-oriented or that have little or no conservation or pollution abatement benefits: Provided further, That [not to exceed 5 per centum of the allocation for the current year's program for any county may, on the recommendation of such county committee and approval of the State committee, be withheld and allotted to the Soil Conservation Service for services of its technicians in formulating and carrying out the Agricultural Conservation Program in the participating counties, and shall not be utilized by the Soil Conservation Service for any purpose other than technical and other assistance in such counties, and in addition,] on the recommendation of such county committee and approval of the State committee, not to exceed 1 per centum may be made available to any
- 3 other Federal, State, or local public agency [for the same purpose
- 4 and under the same conditions] for technical assistance and other services: Provided further, That for the current year's program \$2,500,000 shall be available for technical assistance in formulating and carrying out rural environmental practices: Provided further, That no part of any funds available to the Department, or any bureau, office, corporation, or other agency constituting a part of such Department, shall be used in the

- current fiscal year for the payment of salary or travel expenses of any person who has been convicted of violating the Act entitled "An Act to prevent pernicious political activities" approved August 2, 1939, as amended, or who has been found in accordance with the provisions of title 18 U.S.C. 1913 to have violated or attempted to violate such section which prohibits the use of Federal appropriations for the payment of personal services or other expenses designed to influence in any manner a Member of Congress to favor or oppose any legislation or appropriation by Congress except upon request of any Member or through the proper official channels: Provided further, That not to exceed
- 5 [\$18,500,000] ~~\$15,000,000~~ of the amount appropriated shall be used for water quality payments and practices in the same manner as permitted under the program for water quality authorized in chapter 2 of subtitle D of title XII of the Food Security Act of 1985, as amended (16 U.S.C. 3838 et seq.).

The first and fifth changes delete the amount approved for fiscal year 1994 and insert the amount requested for fiscal year 1995.

The second through fourth changes in language delete the authority for expenditures for Soil Conservation Service technical assistance using funds appropriated to the ACP. Beginning in fiscal year 1995, it is proposed that the Soil Conservation Service technical assistance formerly included in this account be appropriated directly to the Soil Conservation Service.

AGRICULTURAL CONSERVATION PROGRAM

Appropriations Act, 1994	\$194,650,000
Budget Estimate, 1995	<u>100,000,000</u>
Decrease in Appropriations	<u>-94,650,000</u>

Adjustment in 1994:

Appropriation Act, 1994	194,650,000
Transfer to SCS for technical assistance	<u>-9,734,000</u>
Adjusted base for 1994	184,916,000
Budget Estimate, 1995	<u>100,000,000</u>
Decrease from adjusted 1994	<u>-84,916,000</u>

SUMMARY OF INCREASES AND DECREASES
(On basis of adjusted appropriation)

<u>Item of Change</u>	<u>1994 Estimated</u>	<u>Other Changes</u>	<u>1995 Estimated</u>
Cost-sharing to farmers .	\$182,970,000	-\$83,970,000	\$99,000,000
Technical assistance (FS)	<u>1,946,000</u>	<u>-946,000</u>	<u>1,000,000</u>
Total Available	<u>184,916,000</u>	<u>-84,916,000</u>	<u>100,000,000</u>

PROJECT STATEMENT
(On basis of adjusted appropriation)

Project	1993 Actual	1994 Estimated	Decrease	1995 Estimated
Cost-sharing to farmers	\$182,769,000	\$182,970,000	-\$83,970,000 (1)	\$99,000,000
Technical assistance (FS)	<u>1,944,000</u>	<u>1,946,000</u>	<u>-946,000</u> (2)	<u>1,000,000</u>
Total available or estimate ...	184,713,000	184,916,000	-84,916,000	100,000,000
Transfer to SCS for technical assistance	<u>9,722,000</u>	<u>9,734,000</u>		
Total, Appropriation .	194,435,000	194,650,000		

NOTE: Under the Secretary's proposed reorganization plan, this account will be part of the Natural Resources Conservation Service.

PROJECT STATEMENT
(On basis of available funds)

Project	1993 Actual	1994 Estimated	Increase or Decrease	1995 Estimated
Cost-sharing to farmers	\$180,448,092	\$225,872,000	-\$126,872,000	\$99,000,000
Technical assistance (FS) ..	<u>1,959,950</u>	<u>1,946,000</u>	<u>-946,000</u>	<u>1,000,000</u>
Subtotal	182,408,042	227,818,000	-127,818,000	100,000,000
Unobligated balance brought forward from prior years .	-40,246,454	-42,902,000	+42,902,000	--
Unobligated balance carried forward to next year	<u>42,902,000</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total available or estimate	185,063,588	184,916,000	-84,916,000	100,000,000
Transfer to SCS for technical assistance	<u>9,371,412</u>	<u>9,734,000</u>		
Total, Appropriation	194,435,000	194,650,000		

EXPLANATION OF PROGRAM

The Agricultural Conservation Program (ACP) is authorized in sections 7 to 15, 16(a), 16(f), and 17 of the Soil Conservation and Domestic Allotment Act of 1936, as amended and supplemented (16 U.S.C. 590g-590o, 590p(a), 590(f), and 590q), and sections 1001-1004, 1006-1008, and 1010 of the Agricultural Act of 1970, as added by the Agriculture and Consumer Protection Act of 1973 (16 U.S.C. 1501-1504, 1506-1508, and 1510). The purpose of the Agricultural Conservation Program is to provide financial assistance to agricultural producers to help solve a wide range of agricultural conservation and environmental problems that, if not addressed, would reduce the productive capacity of the nation's land and water resources or cause degradation of environmental quality. Program activities include prevention of soil loss, conservation of scarce water supplies, improvement of water quality, conservation of forest and wildlife resources, and pollution abatement. Technical assistance is provided by the Forest Service (FS) and by the Soil Conservation Service (SCS). However, beginning in fiscal year 1995, it is proposed that the SCS technical assistance formerly included in this account be appropriated directly to SCS.

In contrast to the Conservation Reserve Program, which removes highly erodible and other environmentally sensitive cropland from production, the ACP makes available a wide variety of practices to address the soil and water conservation needs as well as water quality and other environmental concerns on land that remains in production. In addition, assistance is offered to establish or improve permanent vegetative cover, including tree planting, and to install animal waste handling systems.

The ACP is administered by ASCS through the farmer-elected county committee system. The program is a joint effort by Government and landowners to restore and protect basic land and water resources. Objectives include helping to ensure a continuous, adequate supply of food and fiber; improving water quality; facilitating resource management systems; and achieving national priorities reflected in the National Environmental Policy Act of 1969, the 1988 National Program for Soil and Water Conservation, and related Resources Conservation Act appraisal updates.

1994 Program

1. Program Direction. The 1994 ACP will be directed toward specific enduring practices to solve the most critical conservation problems and to meet water quality goals. Treatment of farmland, rangeland, and pastureland eroding at greater than the soil loss tolerance (T) will be of primary concern.
 - Annual Agreements. \$157.7 million will be allocated to the States for cost-sharing of annual agreements.
 - Long-Term Agreements. \$20 million will be allocated to the States specifically for this purpose. States also have the option of using annual agreement funds for long-term agreements.
 - Water Quality Incentive Projects. The 1994 Appropriation Act provides that not to exceed \$18.5 million will be available for funding incentive practices in specific water quality project areas to meet water quality standards or goals in the manner permitted under Section 1439 of the 1990 FACT Act. \$15.0 million will be allocated for this purpose in 1994. Water quality incentive projects will be selected from proposals submitted by the States. Priority will be given to applications from areas which have been designated by EPA and State water quality agencies as areas where nonpoint source pollution contributes to the degradation of or threatens the quality of surface or ground water.
 - Method of Allocation. Distribution to the States for annual agreements in fiscal year 1994 was made according to their conservation needs as determined by the Secretary, except for an adjustment of up to 5 percent, based on the rate of funds usage.
 - Technical Assistance. \$1.946 million is available to the Forest Service for technical assistance relating to forestry practices.
2. Program Development. State and county programs are developed through a process whereby county committees submit recommendations through the State committee to the Secretary. Practices available to a county committee include all those previously approved by the Secretary plus any other practice that a county committee considers necessary to solve a local conservation problem and that is approved by the State committee and the Secretary or his designee.
3. Practices. The 1994 ACP will encourage cost effective practices such as vegetative cover, terraces, and sod waterways, which result in significant conservation of soil and water, improved water quality, or other improvements in the environment.

Practices that are not enduring or do not provide enduring benefits will not be a part of the program. Other practices excluded from the national program include practices that are primarily production oriented.

JUSTIFICATION OF DECREASES

- (1) A decrease of \$83,970,000 for cost-sharing to agricultural producers (\$182,970,000 available in fiscal year 1994).

Need for Change. The fiscal year 1995 ACP will emphasize soil conservation on farmland, rangeland, and pastureland and improvement and protection of the quality of surface and ground water in line with the

existing National Program for Soil and Water Conservation. The requested funding level of \$100 million will address priority soil and water conservation measures.

At the requested level of \$100 million, conservation practices on a total of 4.9 million acres would prevent approximately 13.6 million tons of soil erosion and save 283,000 acre-feet of water. In addition, other conservation needs such as water quality incentive projects, forest and rangeland improvement, and wildlife habitat preservation will be addressed, all at reduced levels.

Nature of Change. The ACP provides funding for financial assistance to agricultural producers to help solve a wide range of agricultural conservation and environmental problems. In addition, program funds are used to reimburse Forest Service for technical assistance.

The requested level of \$100 million would fund the following:

- Annual Agreements. Approximately \$74 million will be allocated to States for annual practices with lasting conservation benefits, a decrease of \$83.7 million from the 1994 level.
- Long-Term Agreements. \$10 million will be available for allocations for long-term cost-share agreements, a decrease of \$10 million.
- Water Quality Incentive Projects. \$15 million, the same level planned for allocation in fiscal year 1994, is proposed for incentive projects to continue the program begun in 1992 that is comparable to the water quality program authorized under Section 1439 of the Food, Agriculture, Conservation, and Trade Act of 1990. Farmers will receive incentive payments over a 3- to 5-year period for implementing a water quality protection plan approved by the Secretary.

- (2) A decrease of \$946,000 for Forest Service technical assistance due to a lower level of ACP funding in fiscal year 1995 (\$1,946,000 available in fiscal year 1994).

The following tables show (a) outlays for fiscal year 1993 and (b) geographic breakdown of obligations for fiscal years 1993-1995.

Agricultural Conservation Program
Fiscal Year 1993 Outlays by State

State	Outlays
Alabama	5,522,186
Alaska	149,496
Arizona	1,221,192
Arkansas	5,343,596
California	5,410,002
Colorado	4,096,119
Connecticut	558,033
Delaware	486,313
Florida	3,950,498
Georgia	5,299,146
Hawaii	421,915
Idaho	3,310,517
Illinois	4,760,638
Indiana	3,798,119
Iowa	4,307,710
Kansas	3,600,633
Kentucky	4,708,061
Louisiana	4,113,747
Maine	2,602,627
Maryland	1,260,368
Massachusetts	717,296
Michigan	3,754,567
Minnesota	5,265,278
Mississippi	5,603,837
Missouri	5,523,184
Montana	3,632,513
Nebraska	4,109,542
Nevada	751,791
New Hampshire	1,040,257
New Jersey	578,074
New Mexico	2,124,000
New York	4,716,628
North Carolina	3,667,865
North Dakota	2,604,851
Ohio	4,802,647
Oklahoma	3,548,039
Oregon	3,751,796
Pennsylvania	3,857,086
Puerto Rico	578,976
Rhode Island	149,423
South Carolina	2,460,512
South Dakota	2,382,061
Tennessee	3,778,352
Texas	16,867,801
Utah	1,925,234
Vermont	1,760,653
Virginia	3,149,412
Virgin Islands	23,983
Washington	4,296,992
West Virginia	2,190,416
Wisconsin	4,523,506
Wyoming	1,634,006
Undistributed	5,610
ASCS, Subtotal	170,697,104
SCS Technical Assistance	9,371,413
FS Technical Assistance	1,863,636
TOTAL	181,932,153

Agricultural Conservation Program
Geographic Breakdown of Obligations
Fiscal Year 1993 and Estimated Fiscal Years 1994 and 1995

State	1993 Actual	1994 Estimated	1995 Estimated
Alabama	5,506,541	7,112,861	2,981,241
Alaska	244,840	247,000	133,573
American Samoa	-300	0	0
Arizona	1,465,580	4,797,946	941,174
Arkansas	4,821,486	5,387,009	2,842,017
California	5,688,726	6,389,072	2,556,377
Colorado	4,323,968	4,558,621	2,104,284
Connecticut	579,374	926,961	185,461
Delaware	569,449	687,587	162,342
Florida	3,407,292	4,657,251	1,936,291
Georgia	4,885,665	6,367,948	3,016,175
Guam	-6,202	78,292	0
Hawaii	514,578	1,220,686	267,145
Idaho	3,690,882	6,897,951	1,714,868
Illinois	6,365,290	5,165,081	3,572,557
Indiana	3,501,892	4,045,049	1,897,760
Iowa	6,142,011	7,453,934	3,743,633
Kansas	4,961,262	7,196,920	2,640,630
Kentucky	4,426,659	4,516,574	2,353,449
Louisiana	3,516,631	4,229,154	1,783,196
Maine	2,449,466	2,608,012	1,368,093
Maryland	1,024,166	1,825,683	732,081
Massachusetts	658,820	572,062	257,384
Michigan	4,907,131	5,832,196	2,775,230
Minnesota	5,558,305	8,580,511	3,418,434
Mississippi	5,485,569	4,970,799	2,583,091
Missouri	7,575,877	8,604,283	4,022,594
Montana	4,279,939	5,471,261	2,504,489
Nebraska	4,843,437	5,733,346	2,725,911
Nevada	823,083	778,348	402,259
New Hampshire	1,122,567	857,287	306,190
New Jersey	686,941	708,355	380,169
New Mexico	2,284,498	2,815,098	1,129,717
New York	5,081,073	5,531,733	2,551,753
North Carolina	4,056,767	4,559,327	2,068,836
North Dakota	2,932,133	5,423,717	2,129,971
N. Mariana Isl.	-195,983	85,061	0
Ohio	4,483,737	4,913,163	2,279,984
Oklahoma	3,936,662	4,620,078	1,931,667
Oregon	4,161,029	5,503,333	2,218,335
Pennsylvania	4,084,152	5,327,303	2,330,844
Puerto Rico	509,054	555,528	254,816
Rhode Island	110,642	272,375	30,824
South Carolina	2,337,293	3,209,314	1,601,332
South Dakota	2,988,787	3,761,079	1,747,748
Tennessee	3,647,297	3,807,015	1,751,858
Texas	16,037,412	19,174,349	8,232,190
Utah	2,341,369	2,606,207	1,419,467
Vermont	1,646,959	1,546,196	613,407
Virginia	3,093,992	3,693,361	1,715,896
Virgin Islands	47,365	24,144	10,789
Washington	3,644,804	6,506,971	2,309,267
West Virginia	2,210,323	1,573,888	1,105,057
Wisconsin	4,834,324	6,646,057	2,547,129
Wyoming	1,700,208	1,859,818	962,237
Undistributed	453,270	3,378,845	1,748,775
ASCS Subtotal	180,448,092	225,872,000	99,000,000
FS Technical Assistance	1,959,950	1,946,000	1,000,000
SCS Technical Assistance	9,371,412	9,734,000	
Total, Available or Estimate	\$191,779,454	\$237,552,000	\$100,000,000

AGRICULTURAL CONSERVATION PROGRAM

STATUS OF PROGRAM

Current Activities: Cost sharing is authorized in agricultural counties in all 50 States, American Samoa, Guam, the Northern Mariana Islands, Puerto Rico, and the Virgin Islands. In line with the National Program for Soil and Water Conservation, the fiscal year 1993 ACP emphasized:

- Soil Conservation on farmland, rangeland, and pastureland eroding at an annual rate in excess of the soil loss tolerance (T) level. It is estimated that 4.3 billion tons of soil erode annually at a rate that exceeds "T".
- Water Quality improvement and protection for both surface and ground water. Special emphasis is placed on eliminating or preventing pollution from agricultural nonpoint sources.
- Other Objectives such as water conservation, forest and rangeland improvement, and wildlife habitat preservation. In meeting these objectives, some additional benefits in other conservation categories are achieved.

Thirty separately identified practices were authorized in the National program and 21 at the local level to assist in solving critical soil and water conservation problems.

About 115,000 farmers, ranchers, and woodland owners participated in the program in fiscal year 1993 by carrying out practices that help solve soil and water conservation problems identified in State and county ACP plans.

Selected Examples of Recent Progress:

- Annual Agreements. During fiscal year 1993, \$153,400,000 was allocated to States for annual practices with lasting conservation benefits.
- Long-term Agreements. To involve more farmers in the multi-year planning approach to conservation problem solving, \$20 million was allocated for 3- to 10-year agreements.
- Water Quality Incentive Projects. Water Quality Incentive Projects (WQIP's) were initiated under ACP in FY 1993 using the program framework outlined in the 1990 FACT Act. These projects provide a targeted approach to assist landowners in enhancing water quality by obtaining a source reduction of agricultural pollutants. Projects are selected by the State conservation review group which includes representatives from ASCS, SCS, ES and State water quality agencies.

WQIP's provide incentive payments so producers can modify management systems to reduce agricultural nonpoint source pollution while maintaining the economic viability of the farm operation. Incentive payments are made to improve pesticide and nutrient management, reduce excess animal waste application, and improve irrigation water management and other management-oriented practices.

ASCS State and county offices administer the projects with assistance from Soil Conservation Service and Cooperative Extension Service. These agencies work closely with the Environmental Protection Agency, the U.S. Geological Survey and State water quality agencies to ensure that the WQIP's are implemented in the most efficient and effective manner to protect the nation's water resources.

-- Other Water Quality Projects. In fiscal year 1993, a total of \$5 million was allocated from ACP for various water quality projects other than WQIP. \$1.1 million was provided for ACP water quality special projects in 2 States, \$3.0 million for nonpoint source hydrological unit area projects in 29 States, and \$900 thousand for USDA national demonstration projects in 4 States. These allocations relate to projects initiated in 1990 and 1991. These separate water quality projects protect surface and ground water from agricultural and other nonpoint sources of contamination.

The tables and graphs that follow show:

- (a) the extent to which practices were performed in 1993 and the period 1936-1993,
- (b) percent of cost-shares by primary purpose,
- (c) ACP allocations for fiscal year 1993,
- (d) ACP accomplishments for fiscal years 1992 and 1993,
- (e) the number of participating farms and average payment per farm in program years 1983-1993, when a farm is defined as a place that sells or could sell \$1,000 of agricultural products during the year.
- (f) total ACP outlays during fiscal years 1983-1993.

Agricultural Conservation Program

Practices Performed in 1993 and Total Accomplishments 1936-1993

Practice	Unit	Extent under 1993 program	Total accomplishments 1936-1993
Water impoundment reservoirs constructed to reduce erosion, distribute grazing, conserve vegetative cover and wildlife, or provide fire protection and other agricultural uses	1,000 structures	14	2,688
Agricultural waste control and diversion facilities .	1,000 structures	4	61 <u>1/</u>
Terraces constructed to reduce erosion, conserve water, or prevent or abate pollution	1,000 acres	544	44,089
Stripcropping systems established to reduce wind or water erosion or environmental enhancement	1,000 acres	81	116,772
Trees or shrubs planted for forestry purposes, erosion control or environmental enhancement	1,000 acres	289	10,280
Forest tree stands improved for forestry purposes or environmental enhancement	1,000 acres	37	5,446
Wildlife conservation	1,000 acres	36	15,143 <u>2/</u>
Sediment pollution- abatement structures or runoff control measures ..	1,000 acres	338	23,678 <u>1/</u>
Conservation tillage including reduced tillage and no-till	1,000 acres	602	9,050 <u>3/</u>

1/ From 1970.2/ From 1962 with certain data estimated.3/ From 1973.

Agricultural Conservation Program
Percent of Cost-shares by Primary Purpose

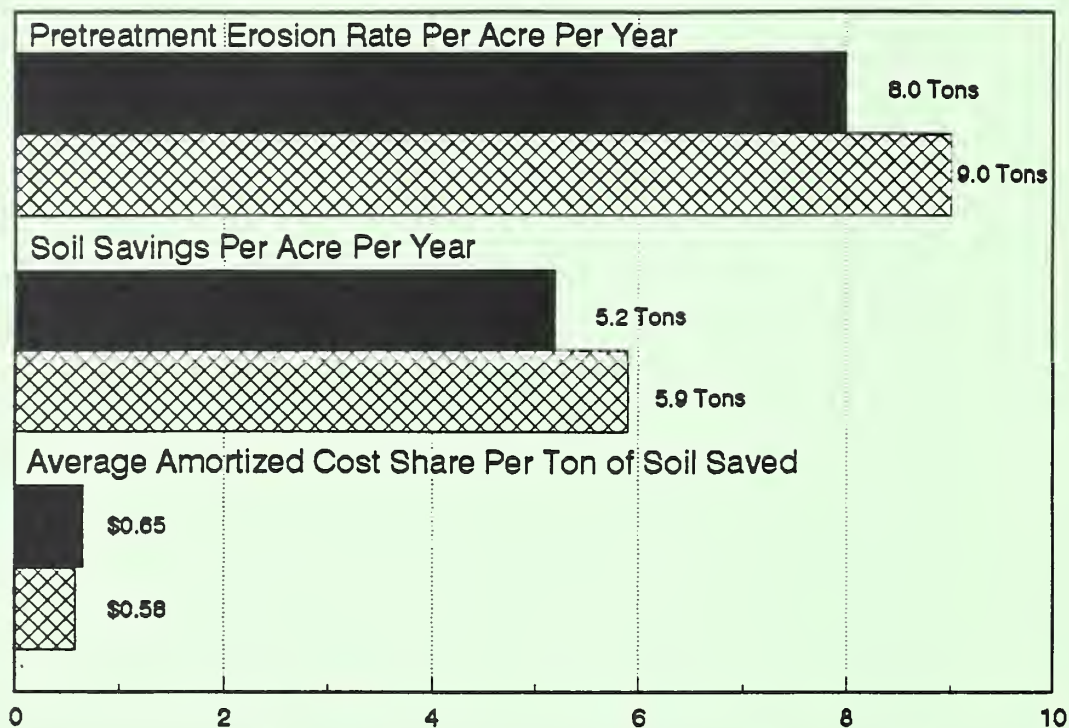
Year	Erosion Control	Water Conservation	Water Quality	Other	Total
1984	74.7	13.2	4.8	7.3	100.0
1985	75.3	12.4	6.1	6.2	100.0
1986	73.8	11.9	7.3	7.0	100.0
1987	72.8	11.9	7.5	7.9	100.0
1988	71.1	14.7	7.2	7.0	100.0
1989	67.7	15.3	9.4	7.6	100.0
1990	64.7	14.2	13.0	8.1	100.0
1991	61.7	13.0	16.9	8.4	100.0
1992	58.9	12.6	20.3	8.2	100.0
1993	55.6	13.4	22.5	8.5	100.0

**Agricultural Conservation Program
FY 1993 Allocations by State**

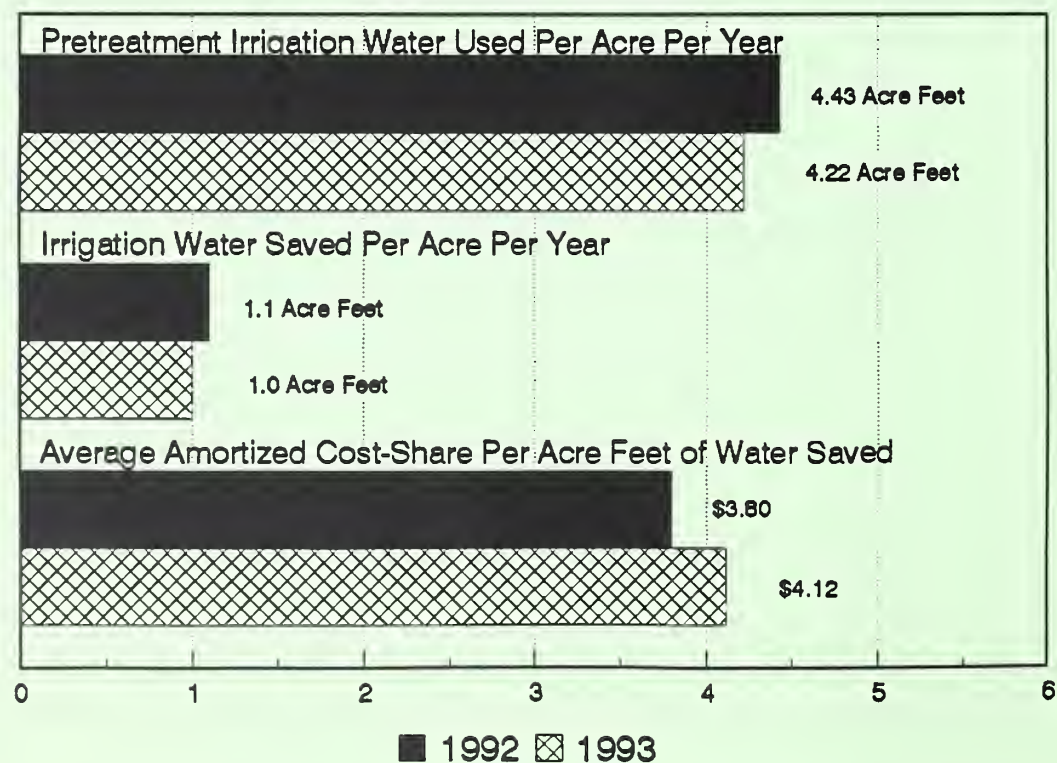
<u>STATE</u>	<u>REGULAR ANNUALS</u>	<u>SPECIAL WATER QUALITY</u>	<u>HYDROLOGIC UNITS</u>	<u>DEMONSTRATION PROJECTS</u>	<u>NAVAL STORES</u>	<u>REGULAR LONG-TERM AGREEMENTS</u>	<u>WATER QUALITY INCENTIVE PROJECTS</u>	<u>FY 1993 ALLOCATIONS</u>
ALABAMA	4,344,000	0	250,000	0		573,000	542,000	5,709,000
ALASKA	224,000	0	0	0		30,000	0	254,000
AMERICAN SAMOA	8,000	0	0	0		0	0	8,000
ARIZONA	1,639,000	0	0	0		224,000	200,000	2,063,000
ARKANSAS	3,691,000	0	56,000	105,000		502,000	472,000	5,026,000
CALIFORNIA	4,319,000	0	51,000	0		571,000	450,000	5,391,000
COLORADO	3,567,000	0	98,000	0		461,000	448,000	4,572,000
CONNECTICUT	315,000	0	198,000	0		41,000	120,000	672,000
DELAWARE	162,000	0	0	0		21,000	287,000	470,000
FLORIDA	3,308,000	0	49,000	0		434,000	270,000	4,081,000
GEORGIA	4,405,000	0	76,000	0	50,000	588,000	398,000	5,517,000
GUAM	6,000	0	0	0		0	0	6,000
HAWAII	463,000	0	12,000	0		64,000	0	539,000
IDAHO	2,945,000	0	176,000	592,000		380,000	542,000	4,635,000
ILLINOIS	5,533,000	0	13,000	0		706,000	260,000	8,532,000
INDIANA	3,002,000	0	17,000	0		385,000	235,000	3,639,000
IOWA	5,515,000	0	147,000	95,000		703,000	354,000	6,814,000
KANSAS	4,583,000	0	15,000	0		602,000	401,000	5,601,000
KENTUCKY	3,827,000	0	143,000	0		495,000	0	4,485,000
LOUISIANA	3,050,000	0	0	0		396,000	394,000	3,840,000
MAINE	2,107,000	0	0	0		273,000	156,000	2,536,000
MARYLAND	705,000	0	0	0		92,000	489,000	1,286,000
MASSACHUSETTS	438,000	0	14,000	0		57,000	0	509,000
MICHIGAN	4,078,000	0	7,000	0		527,000	450,000	5,062,000
MINNESOTA	5,512,000	0	0	0		735,000	557,000	6,804,000
MISSISSIPPI	4,422,000	0	0	0		570,000	381,000	5,373,000
MISSOURI	6,448,000	0	69,000	0		837,000	587,000	7,941,000
MONTANA	4,062,000	0	0	0		529,000	199,000	4,790,000
NEBRASKA	3,803,000	0	26,000	0		491,000	585,000	4,885,000
NEVADA	687,000	0	0	0		69,000	0	776,000
NEW HAMPSHIRE	516,000	0	119,000	0		66,000	322,000	1,025,000
NEW JERSEY	479,000	0	0	0		63,000	0	542,000
NEW MEXICO	1,914,000	0	0	0		250,000	199,000	2,363,000
NEW YORK	3,949,000	400,000	0	108,000		506,000	330,000	5,293,000
NORTH CAROLINA	3,581,000	0	0	0		487,000	398,000	4,448,000
NORTH DAKOTA	3,095,000	0	0	0		402,000	415,000	3,912,000
N. MARIANA ISL.	6,000	0	0	0		0	0	6,000
OHIO	3,437,000	0	69,000	0		450,000	559,000	4,515,000
OKLAHOMA	3,333,000	0	16,000	0		434,000	460,000	4,243,000
OREGON	3,127,000	0	510,000	0		410,000	527,000	4,574,000
PENNSYLVANIA	3,753,000	0	137,000	0		488,000	458,000	4,834,000
PUERTO RICO	433,000	0	0	0		56,000	0	489,000
RHODE ISLAND	54,000	0	0	0		7,000	0	61,000
SOUTH CAROLINA	1,993,000	0	0	0		262,000	0	2,255,000
SOUTH DAKOTA	2,508,000	0	102,000	0		322,000	195,000	3,127,000
TENNESSEE	2,991,000	0	245,000	0		391,000	66,000	3,713,000
TEXAS	14,121,000	0	264,000	0		1,666,000	199,000	16,452,000
UTAH	1,831,000	0	59,000	0		213,000	351,000	2,254,000
VERMONT	945,000	700,000	0	0		122,000	138,000	1,903,000
VIRGINIA	2,755,000	0	30,000	0		353,000	478,000	3,616,000
VIRGIN ISLANDS	19,000	0	0	0		3,000	0	22,000
WASHINGTON	3,677,000	0	32,000	0		513,000	202,000	4,824,000
WEST VIRGINIA	1,707,000	0	0	0		217,000	335,000	2,259,000
WISCONSIN	4,227,000	0	0	0		560,000	577,000	5,384,000
WYOMING	1,583,000	0	0	0		201,000	0	1,784,000
TOTAL	153,400,000	1,100,000	3,000,000	900,000	50,000	20,000,000	15,000,000	193,450,000

AGRICULTURAL CONSERVATION PROGRAM
Conservation Reporting and Evaluation System
1992 and 1993 Summary Results

Soil Conservation



Water Conservation



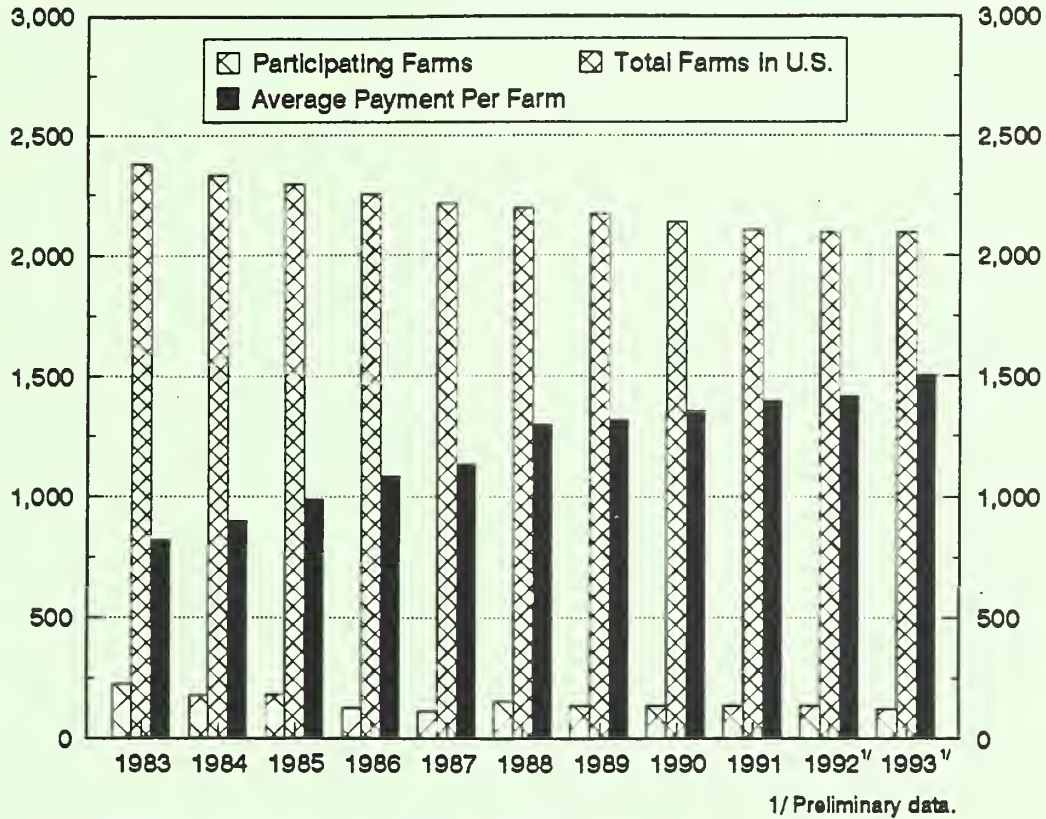
AGRICULTURAL CONSERVATION PROGRAM (ACP)

Total U.S. Farms-Number Participating Farms-Average Payment Per Farm

No. Farms
(thousands)

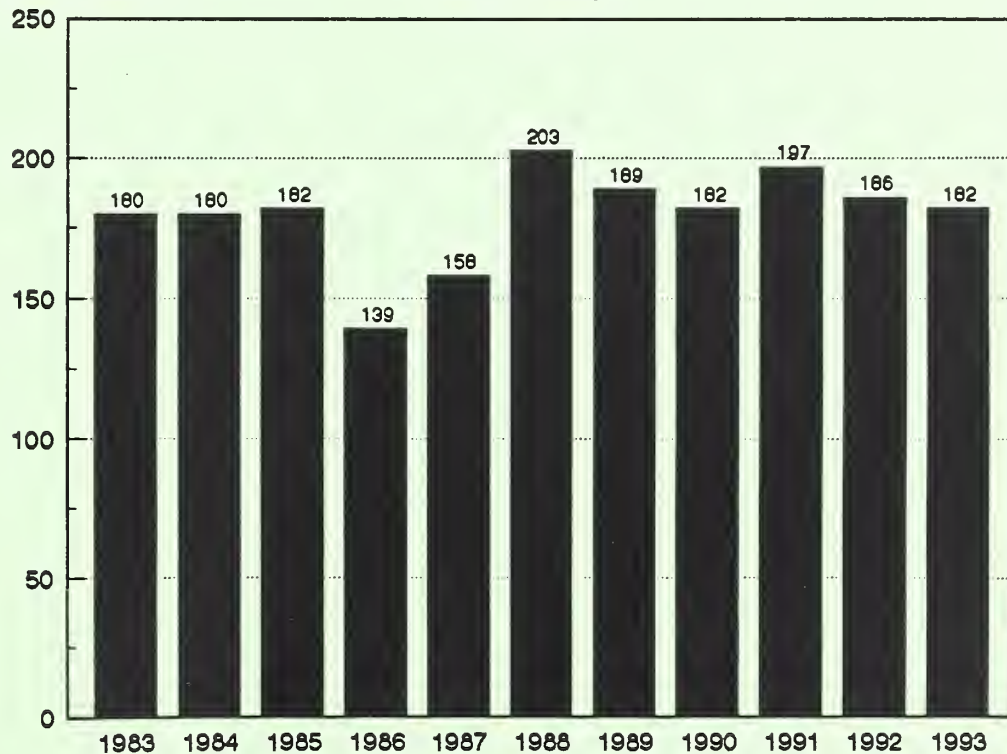
Fiscal Years 1983 - 1993

Dollars



Dollars (millions)

Total ACP Outlays



AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Colorado River Basin Salinity Control Program

For necessary expenses for carrying out a voluntary cooperative salinity control program pursuant to section 202(c) of title II of the Colorado River Basin Salinity Control Act, as amended (43 U.S.C. 1592(c)), to be used to reduce salinity in the Colorado River and to enhance the supply and quality of water available for use in the United States and the Republic of Mexico, [\$13,783,000] \$8,394,000, to remain available until expended (7 U.S.C. 2209b), to be used for [investigations and surveys, for technical assistance in developing conservation practices and in the preparation of salinity control plans, for] the establishment of on-farm irrigation management systems, including related lateral improvement measures, for making cost-share payments to agricultural landowners and operators, Indian tribes, irrigation districts and associations, local governmental and nongovernmental entities, and other landowners to aid them in carrying out approved conservation practices as determined and recommended by the county ASC committees, approved by the State ASC committees or their successors, and the Secretary, and for associated costs of program planning[,] and information and education[, and program monitoring and evaluation: Provided, That the Soil Conservation Service shall provide technical assistance and the Agricultural Stabilization and Conservation Service shall provide administrative services for the program, including but not limited to, the negotiation and administration of agreements and the disbursement of payments]: Provided [further], That such program shall be coordinated with the regular Agricultural Conservation Program and with research programs of other agencies.

The first change deletes the amount approved for fiscal year 1994 and inserts the amount requested for fiscal year 1995.

The second change and fourth through seventh changes in language delete authority for expenditures for Soil Conservation Service technical assistance using funds appropriated to CRSC. Beginning in fiscal year 1995, the budget proposes that funding for SCS technical assistance formerly included in this account be appropriated directly to the Soil Conservation Service.

The third change reflects the Secretary's proposed reorganization of the Department.

COLORADO RIVER BASIN SALINITY CONTROL PROGRAM

Appropriations Act, 1994.....	\$13,783,000
Budget Estimate, 1995.....	<u>8,394,000</u>
Decrease in Appropriation.....	<u>-5,389,000</u>

Adjustment in 1994:

Appropriation Act, 1994.....	\$13,783,000	
Transfer to SCS for technical assistance.....	<u>-5,010,000</u>	
Adjusted base for 1994.....		8,773,000
Budget Estimate, 1995.....		<u>8,394,000</u>
Decrease from adjusted 1994.....		<u>-379,000</u>

SUMMARY OF INCREASES AND DECREASES
(On basis of adjusted appropriation)

<u>Item of Change</u>	<u>1994 Estimated</u>	<u>Other Changes</u>	<u>1995 Estimated</u>
Cost-sharing to landowners and others.....	\$8,154,600	-\$260,600	\$7,894,000
Extension Service technical assistance.....	<u>618,400</u>	<u>-118,400</u>	<u>500,000</u>
Total available	<u>8,773,000</u>	<u>-379,000</u>	<u>8,394,000</u>

PROJECT STATEMENT
(On basis of adjusted appropriation)

Project	1993 Actual	1994 Estimated	Decrease	1995 Estimated
Cost-sharing to landowners and others	\$8,154,300	\$8,154,600	-\$260,600 (1)	\$7,894,000
Extension Service technical assistance	<u>618,400</u>	<u>618,400</u>	<u>-118,400</u> (2)	<u>500,000</u>
Total available or estimate	8,772,700	8,773,000	-379,000	8,394,000
Transfer to SCS for technical assistance	<u>5,010,300</u>	<u>5,010,000</u>		
Total, Appropriation .	13,783,000	13,783,000		

NOTE: Under the Secretary's proposed reorganization plan, this account will be part of the Natural Resources Conservation Service.

PROJECT STATEMENT
(On basis of available funds)

Project	1993 Actual	1994 Estimated	Increase or Decrease	1995 Estimated
Cost-sharing to landowners and others	\$8,901,639	\$9,058,910	-\$1,164,910	\$7,894,000
Extension Service technical assistance	618,400	618,400	-118,400	500,000
Subtotal	9,520,039	9,677,310	-1,283,310	8,394,000
Unobligated balance brought forward from prior years ...	-1,651,649	-904,310	+904,310	--
Unobligated balance carried forward to next year	904,310	--	--	--
Total available or estimate	8,772,700	8,773,000	-379,000	8,394,000
Transfer to SCS for technical assistance	5,010,300	5,010,000		
Total, Appropriation	13,783,000	13,783,000		

EXPLANATION OF PROGRAM

The Colorado River Basin Salinity Control Program (CRSC) is authorized by section 202(c) of Title II of the Colorado River Basin Salinity Control Act of 1974 (43 U.S.C. 1592c), as amended, and is in compliance with Section 310, International Pollution Abatement, of the Federal Water Pollution Control Act Amendments of 1972, P.L. 92-500, 86 Stat. 816. Salinity problems in the Colorado River Basin are a critical concern to the seven Basin States -- Arizona, California, Colorado, Nevada, New Mexico, Utah, and Wyoming -- and to the Republic of Mexico. The purpose of the CRSC is to reduce the salt content of the upper Colorado River Basin and support the Nation's commitment to the 1973 International Boundary and Water Commission Agreement concerning the quality of water delivered downstream to users in the U.S. and Mexico.

Colorado River waters are apportioned by the Upper Basin States (Colorado, New Mexico, Utah, and Wyoming) and Lower Basin States (Arizona, California, and Nevada) in accordance with the provisions of Colorado River Compact of 1922. The Compact defines the minimum quantity of Colorado River waters to be delivered annually to Mexico and provides the format for the division of the Colorado River waters by the Upper and Lower Basin States to meet the terms of the Compact.

The objectives of the program are to provide financial and technical assistance to:

- Identify salt source areas in the Colorado River Basin (SCS).
- Develop project plans for conservation practices to reduce salt loads in the Colorado River (SCS).
- Install conservation practices through cost-sharing assistance (ASCS).
- Carry out research, education, and demonstration activities (ES, ARS, and CSRS).
- Carry out monitoring and evaluation activities (SCS).

The U.S. Department of the Interior (DOI) has estimated that irrigated agriculture contributes about 37 percent of the total salt load to the Colorado River above the Imperial Dam. Generally, on-farm irrigation and water distribution systems, especially in the Upper Basin, are not efficient and have a

high level of surface runoff, excessive deep percolation, and high amounts of seepage from irrigation canals and laterals. Salt loading occurs as seepage and deep percolation leach salts from the soil and underlying geologic formations into the river. Salt concentrations are caused by evaporation, evapo-transpiration of irrigated crops, and export of water for other uses leaving salt in the soil and remaining water.

The Colorado River serves as the primary source of water for parts of the seven Basin States and is used and reused for crop irrigation, hydro-electric power generation, and municipal and industrial purposes. Increases in the salinity of the water cause considerable economic losses. Salinity build-up in the soil root zones reduces or eliminates economic returns from growing agricultural products. Excessive salinity in groundwater, lakes, streams, and rivers reduces or precludes the use of this water by man or wildlife.

The CRSC Program applies to lands that are in an identified salt source area and are owned or controlled by private individuals, Indian tribes, irrigation districts or companies, or State or local governments. Landowners or operators are eligible to participate in the CRSC Program if all of the following apply:

- Their lands or activities contribute to the project area's salt loading of the Colorado River.
- Their lands or activities in a project area are designated as critical areas or salt sources;
- The conservation district approves the salinity control plan covering the critical areas and salt sources; and
- The participant meets any minimum acreage requirements established by the county ASC committee.

County ASC committees may enter into CRSC contracts with individuals or entities on eligible land. Under these contracts, ASCS agrees to share with the participant the cost of establishing necessary salinity reduction practices. In return, a participant must agree to carry out a cost-effective salinity control plan developed for the participant's land. The salinity control Project Implementation Plan includes the salinity reduction practice or practices that must be installed as well as a schedule of completion dates.

Cost-share levels up to 70 percent of the total cost are authorized for the CRSC Program. Levels exceeding the on-farm and offsite benefits must be approved by agency headquarters with USDA Salinity Control Coordinating Committee concurrence. The combined cost-shares by Federal, State, and others shall not exceed 100 percent of the cost of carrying out a salinity reduction practice. Cost-share assistance levels vary among projects.

Reimbursement of 30 percent of ASCS cost-share funds is billed by DOI and paid by the States to Treasury. The Upper Basin States and Lower Basin States contribute 15 percent and 85 percent, respectively, of the 30-percent share repaid.

Salinity reduction practices (SRP's) for which cost-sharing may be authorized are:

SRP 1 ON-FARM SALT LOAD REDUCTION: To reduce salt contributions by conserving or reducing deep percolation of water and controlling erosion, where erosion is contributing significantly to the salt loading of water.

SRP 2 OFF-FARM SALT LOAD REDUCTION: To reduce salt contributions by

conserving or reducing seepage of water and controlling erosion, where erosion is contributing significantly to the salt loading of water.

- SRP 3 PERMANENT WILDLIFE HABITAT: To protect, restore, or develop permanent wildlife habitat cover or food, to replenish wildlife.
- SRP 4 SHALLOW WATER AREAS FOR WILDLIFE: To develop or restore shallow water areas to replace the associated wildlife resources.
- SRP SPECIAL SALINITY REDUCTION PRACTICES: Projects may develop permanent salinity reduction and fish and wildlife practices needed to solve a significant, unique local problem that has been designated high priority in the Project Implementation Plan and for which national program practices are not adequate.

JUSTIFICATION OF DECREASES

- (1) A decrease of \$260,600 for cost sharing to landowners and others (\$8,154,600 available in fiscal year 1994 for cost sharing).

Need for Change. The Colorado River Basin Salinity Control Program funds direct financial assistance to producers. The budget request of \$7.894 million would enable the program to continue its water quality objectives in existing projects areas, but at a somewhat lower level in order to address budget deficit concerns.

The fiscal year 1995 budget request supports the objectives of the Colorado River Basin Salinity Control Act, enacted by Congress in 1974, which authorized the Secretary of Agriculture to establish a voluntary cooperative salinity control program to enhance and protect the quality of water available in the Colorado River for use in the United States and Mexico.

Nature of Change. The budget request of \$7.894 million would provide cost share assistance to landowners for the installation of approved salinity practices designed to reduce salinity levels in the Colorado River. These measures are expected to reduce salt loading to the Colorado River by approximately 22,500 tons annually.

- (2) A decrease of \$118,400 for Extension Service information and education services (\$618,400 available in fiscal year 1994).

Need for Change. At the fiscal year 1995 requested level for cost-share assistance to landowners, there would be a need for less technical assistance by the Extension Service (ES) to support the program.

Nature of Change. The budget request of \$500 thousand would be used by ES to provide information and education services to program landowners to aid them in understanding and developing practices.

The following tables show (a) outlays for fiscal year 1993 and (b) geographic breakdown of obligations for fiscal years 1993-1995.

Colorado River Basin Salinity Control Program
Fiscal Year 1993 Outlays by State

State	Outlays
Colorado	\$4,004,860
Utah	3,899,826
Wyoming	1,163,574
Nevada	--
ES Information/ Education	1,848,400
SCS Technical Assistance	5,010,300
Total	\$15,926,960

Colorado River Basin Salinity Control Program
Geographic Breakdown of Obligations
Fiscal Year 1993 and Estimated Fiscal Years 1994 and 1995

State	1993 Actual	1994 Estimated	1995 Estimated
Colorado	\$6,521,424	\$4,829,393	\$3,859,421
Utah	1,974,809	3,000,619	2,850,182
Wyoming	337,737	720,910	730,964
Nevada	67,668	500,000	453,433
Undistributed	--	7,988	--
ES Information/ Education	618,400	618,400	500,000
Subtotal, ASCS/ES	9,520,039	9,677,310	8,394,000
SCS Technical Assistance	5,010,300	5,010,000	--
Total, Available or Estimate	\$14,530,339	\$14,687,310	\$8,394,000

COLORADO RIVER BASIN SALINITY CONTROL PROGRAM

STATUS OF PROGRAM

Current Activities: Cost-share levels of up to 70 percent of total costs are authorized in the seven basin States of Arizona, California, Colorado, Nevada, New Mexico, Utah, and Wyoming. However, cost-share assistance levels vary among projects. Ongoing salinity control projects through fiscal year 1993 are:

Colorado	Grand Valley Unit Lower Gunnison #1 Unit Lower Gunnison #2 Unit, Delta County Lower Gunnison #2 Unit, Montrose County Lower Gunnison #3 Unit McElmo Creek Unit
Nevada	Moapa Valley Unit
Utah	Uinta Basin Unit
Wyoming	Big Sandy River Unit.

These projects are designed to prevent irrigation water heavily charged with salts and minerals from reentering the river. This aim is achieved by in- stalling on-farm irrigation systems improvements.

All projects include the following activities:

- Cost-sharing. Since irrigation contributes a substantial amount of salt, fertilizer, and other agricultural pollutants into the river, ASCS cost-sharing is available to improve or automate irrigation systems on land where a significant problem exists. Measures include those that reduce excessive deep ground water percolation from irrigation lateral seepage and over-irrigation, and those that reduce the amount of saline return flows from irrigated agriculture.
- Technical Assistance. Soil Conservation Service (SCS) provides technical assistance which includes developing irrigation management plans, performing engineering surveys, assisting in design and construction, and monitoring and evaluating the progress and impacts of on-farm salinity control activities.

Extension Service (ES) develops, carries out, and coordinates CRSC informational and educational activities on a project basis and may provide other technical support to carry out the program.

Current efforts demonstrate that both on-farm and off-farm structural approaches are required to meet long-term objectives. Accomplishment results also show that, due to higher capital costs associated with Department of the Interior structural measures, cost effectiveness can be maximized by greater use of USDA on-farm measures.

Selected Examples of Recent Progress:

The Grand Valley of Mesa County in Western Colorado contributes about 600,000 tons of salt each year to the Colorado River. Irrigation practices and systems contribute about half the salt load. Excess flood irrigation water percolates down to underlying shale, which dissolves and carries salt into the river.

To reduce the salinity level, conversion of the present flood irrigation systems to automated or semi-automated systems is required. The conversion includes lining irrigation ditches, using gated pipe, installing sensing devices, and installing drip irrigation systems in orchards.

During fiscal year 1993, 71 CRSC contracts were approved. From inception of the program in fiscal year 1987 through fiscal year 1993, \$9.085 million has been allocated to Grand Valley for cost-sharing with farmers.

The Uinta Basin unit in Utah is predominantly an agricultural area. Irrigation was introduced in the Basin in 1905 and has steadily increased since then. Few irrigation improvements have been installed throughout the years. Saline land areas and salt concentrations in the river systems contribute about 450,000 tons of salt per year into the Colorado River.

In fiscal year 1993, 97 CRSC contracts were signed with individual land users and groups. In fiscal years 1987 through 1993, \$16.089 million in cost-share funds has been allocated to participants in the Uinta project.

The Big Sandy River unit is located in southwestern Wyoming. Due to the highly permeable soil in the irrigated area, the on-farm ditches and surface methods of field irrigation currently being used percolate large quantities of excess irrigation water into the shallow underground aquifer. The highly saline water from the aquifer reenters the Big Sandy River through seeps and contributes to the estimated annual salt loading of 149,000 tons. On-farm conversion of existing gravity irrigation systems to low-head sprinkler irrigation systems will provide effective irrigation water management.

Funds of \$3.685 million have been allocated for salinity control cost-shares through fiscal 1993. During fiscal year 1993, 15 contracts were signed.

The Lower Gunnison Basin unit is located in west-central Colorado and contributes an estimated 1.1 million tons of salt annually to the Colorado River system.

The goal is to reduce deep percolation from irrigated fields and reduce seepage from off-farm earthen laterals. Collectively, the four projects in this unit will reduce annual salt loading into the Colorado River by 280,500 tons.

Lower Gunnison #1 (Delta County) was the first of the projects to begin salinity reduction measures in this basin unit where irrigated and related upland areas are the major source of salt loading. Funds totaling \$5.798 million were allocated for cost-sharing of salinity reduction practices through fiscal year 1993.

Through fiscal year 1993, approximately \$3.122 million has been allocated to the remaining three Lower Gunnison projects: \$1.6 million for the Lower Gunnison #2 project located in Montrose County, \$1.311 million for the Lower Gunnison #2 project located in Delta County, and \$211,212 for the Lower Gunnison #3 project.

During fiscal year 1993, a total of 77 contracts was approved from individual land users and groups from the four Lower Gunnison projects.

The McElmo Creek unit is located in southwest Colorado and contributes about 119,000 tons of salt each year to the Colorado River. Irrigation is a major contributor of the annual salt load to the Colorado River.

Funds of \$2.908 million have been allocated for cost-sharing salinity reduction practices through fiscal year 1993. During fiscal year 1993 applications were received from individual land users and groups, and 49 contracts were approved.

The Moapa Valley unit is in Clark and Lincoln counties near the Southeastern corner of Nevada. This unit is about 40 miles long in a north-south direction and has an area of 763 square miles. The objective of the project is to reduce annual deep percolation of irrigation water by 4,700 acre-feet, which will reduce the amount of salt entering the river by an estimated 18,700 tons per year.

Funds in the amount of \$100,000 have been allocated for cost-sharing salinity reduction practices through fiscal year 1993.

The tables that follow provide on-farm accomplishments and agency funding, by activity.

Colorado River Basin Salinity Control Program
On-Farm (Land Treatment) Accomplishments

Implementation	Grand Valley (1979-93)	Uinta (1980-93)	Big Sandy (1988-93)	Lower	
				Gunnison #1, 2 and 3 (1988-93)	McElmo Creek (1987-93)
Total Area to be Treated (acres)	53,000	137,000	15,750	169,000	21,550
Ditch Linings/Pipelines (miles)	455	699	22	105	59
Land Leveling (acres)	4,741	2,390	0	957	0
Irrigation Systems - Sprinkler (no.)	51 1/	1,319 2/	57 3/	20 4/	151 5/
Salt Load Reduction					
Total (tons/year)	61,565	70,367	18,774	22,000	8,373
Deep Percolation Reduction - (acre/ft/year), includes seepage	16,070	53,859	7,222	5,633	1,851

1/ On 584 acres
 2/ On 73,996 acres
 3/ On 4,937 acres
 4/ On 554 acres
 5/ On 2,989 acres

Colorado River Basin Salinity Control Program Funding
(\$000)

Fiscal Year	ASCS Appropriated Level	ASCS (Cost-Share)	SCS (Technical Assistance)	ES (Information/Education)	Total
1987	\$3,804	\$2,450	\$1,284	\$70	\$3,804
1988	4,904	3,089	1,640	175	4,904
1989	5,452	3,441	1,738	273	5,452
1990	10,341	5,955	3,944	442	10,341
1991	14,783	8,870	5,313	600	14,783
1992	14,783	8,840	5,313	630	14,783
1993	13,783	8,154	5,011	618	13,783
1994	13,783	8,155	5,010	618	13,783
Total	\$81,633	\$48,954	\$29,253	\$3,426	\$81,633

1/ Includes Monitoring & Evaluation and Planning Studies.

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Conservation Reserve Program

For necessary expenses to carry out the conservation reserve program pursuant to the Food Security Act of 1985 (16 U.S.C. 3831-3845), [~~\$1,743,274,000~~] \$1,752,216,000, to remain available until expended, to be used for Commodity Credit Corporation expenditures for cost-share assistance for the establishment of conservation practices provided for in approved conservation reserve program contracts, and for annual rental payments provided in such contracts: Provided, That none of the funds under this head may be used for salaries and expenses[, and for technical assistance].

The change in language prohibits the use of CRP funds for salaries and expenses and deletes authority for expenditures for technical assistance for funds appropriated to CRP.

CONSERVATION RESERVE PROGRAM

Appropriations Act, 1994.....	\$1,743,274,000
Budget Estimate, 1995.....	<u>1,752,216,000</u>
Increase in Appropriation.....	<u>+\$8,942,000</u>

SUMMARY OF INCREASES AND DECREASES
(On basis of appropriation)

<u>Item of Change</u>	<u>1994 Estimated</u>	<u>Other Changes</u>	<u>1995 Estimated</u>
Financial assistance:			
Annual rental payments.....	\$1,728,756,501	+\$19,940,102	\$1,748,696,603
Cost-sharing assistance.....	<u>14,517,499</u>	<u>-10,998,102</u>	<u>3,519,397</u>
Total available.....	<u>1,743,274,000</u>	<u>8,942,000</u>	<u>1,752,216,000</u>

PROJECT STATEMENT
(On basis of appropriation)

Project	1993 Actual	1994 Estimated	Increase or Decrease	1995 Estimated
Financial assistance:				
Annual rental payments.....	\$1,510,039,413	\$1,728,756,501	+\$19,940,102	\$1,748,696,603
Cost-sharing assistance.....	32,018,946	14,517,499	-10,998,102	3,519,397
Easement overhead costs.	<u>40,278</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total available or estimate....	1,542,098,637	1,743,274,000	+8,942,000 (1)	1,752,216,000
Transfer to SCS for technical assistance.....	5,051,363			
Transfer to Emergency Conservation Program.....	<u>31,367,000</u>			
Total, Appropriation..	1,578,517,000			

Note: Under the Secretary's proposed reorganization plan, this account will be part of the Farm Service Agency.

PROJECT STATEMENT
(On basis of available funds)

Project	1993 Actual	1994 Estimated	Increase or Decrease	1995 Estimated
Financial assistance:				
Annual rental payments.....	\$1,651,234,571	\$1,804,228,000	--	\$1,804,228,000
Cost-sharing assistance....	32,018,946	14,517,499	-\$10,998,102	3,519,397
Easement overhead costs.....	40,278	--	--	--
Subtotal.....	1,683,293,795	1,818,745,499	-10,998,102	1,807,747,397
Unobligated balance brought forward from prior years....	-272,198,054	-131,002,896	+75,471,499	-55,531,397
Unobligated balance carried forward to next year.....	131,002,896	55,531,397	-55,531,397	--
Total available or estimate....	1,542,098,637	1,743,274,000	+8,942,000	1,752,216,000
Transfer to SCS for technical assistance.....	5,051,363			
Transfer to Emergency Conservation Program.....	31,367,000			
Total, Appropriation..	1,578,517,000			

EXPLANATION OF PROGRAM

The Conservation Reserve Program (CRP) was established initially as a voluntary program to help farmers prevent or control soil erosion on highly erodible and environmentally sensitive cropland. The continuation of the program authorized by the Food, Agriculture, Conservation, and Trade Act of 1990 targets additional participation to areas where agriculture adversely impacts water quality. In accordance with the FACT Act, the program is directed toward encouraging the enrollment of croplands in conservation priority areas such as the Chesapeake Bay region, Great Lakes region, Long Island Sound region, and other areas of special environmental sensitivity in order to maximize benefits to water quality and wildlife habitat. Eligible land also includes areas with identified water quality impairment, designated priority areas and public wellhead areas identified by the Environmental Protection Agency.

The objectives of the CRP are to conserve and improve soil and water resources by establishing vegetative cover on eligible cropland. The program also adjusts the production of some agricultural commodities. The CRP is authorized in all 50 States, Puerto Rico, and the Virgin Islands. It is administered through the Commodity Credit Corporation (CCC) under the general supervision of the Administrator, ASCS, and is carried out by State and local ASC committees. Farmers

decide what eligible cropland to offer for enrollment. Those whose bids are accepted enter into a contract with ASCS in which they agree to take the land out of annual crop production, establish cover of perennial grass, legumes, wildlife cover, or trees, and make a proportionate reduction in their program base acreage. The contracts are for 10 years or, at the participant's option, for up to 15 years if the acreage is to be planted to hardwood trees, shelterbelts, windbreaks, or wildlife habitat corridors. Under the eleventh signup, land established to specified practices was required to be placed under useful life easement of 15 to 30 years. Under the twelfth signup, useful life easements were voluntary. In return, USDA provides annual rental payments for 10- to 15-year contracts and useful life easements, and one-time payments for half the cost of establishing the cover.

In fiscal years 1988 through 1994, funds were appropriated in advance for rental, cost-sharing, and technical assistance payments. The Food Security Act of 1985, as amended by the FACT Act of 1990, provides authority to enter into CRP contracts through fiscal year 1995. Appropriations will be requested annually to make payments through fiscal year 2008. The law, amended by the Omnibus Budget Reconciliation Act of 1993 (P.L. 103-66), requires that at least 38 million acres be enrolled in CRP by the end of 1995.

1994 Program

1. Program Participation. During fiscal year 1994, no signup will be held. Total enrollment is approximately 36.42 million acres through fiscal year 1993.
2. Eligibility. To be eligible to enter a CRP contract, an applicant must:
 - be an individual, partnership, association, corporation, estate, trust, other business enterprise or legal entity, or State or local subdivision of a State owning or operating State or local croplands
 - own or operate eligible cropland that
 - has been planted to an agricultural commodity in at least two of the five years 1986 through 1990
 - meets the definition of eligible land announced by the Secretary for CRP purposes
 - implement an approved conservation plan
 - refrain from grazing or harvesting any crops from the land enrolled in CRP, unless authorized for emergency purposes
 - reduce the aggregate total of acreage bases, allotments, and quotas for the contract period by an amount based on the ratio of the total cropland acreage and the total acreage subject to the CRP contract.
3. Bid Selection. Bid selection is made after a nationwide review and evaluation, and will be based on the environmental benefits of placing the land in the CRP compared to the dollar cost. To increase water quality benefits under the CRP, areas such as filterstrips, sod waterways, shelterbelts, and contour grass strips received additional consideration during the evaluation process.
4. Annual Rental Payments. Annual rental payments, subject to compliance certification, are made after October 1 of the effective year of the contract. Rental payments of \$1.8 billion due in fiscal year 1994 for crop years 1986 through 1993 rental agreements were made beginning in October 1993.

5. Technical Assistance. The technical services of the Soil Conservation Service, Forest Service, and other appropriate agencies are used to carry out the CRP. The SCS determines eligibility of land and assists farmers in preparing conservation plans. The Forest Service and cooperating State forestry agencies help plan and install practices involving trees. In addition, as a component of technical assistance provided to producers, the Federal Government pays fair and reasonable overhead costs of useful life easements on land within a State-approved wellhead protection area and on land established to certain priority practices.

Beginning in fiscal year 1995, funding for SCS technical assistance formerly included in this account will be requested by SCS.

JUSTIFICATION OF INCREASE

- (1) An increase of \$8,942,000 in appropriation for estimated expenditures for annual rental payments and cover costs due in fiscal year 1995 (\$1,743,274,000 available in fiscal year 1994).

Need for Change. In accordance with the Food Security Act of 1985, as amended, funds are needed in 1995 to make payments for program rental and cover costs coming due in 1995.

Program costs described above are expected to decrease by a net of \$11 million in fiscal year 1995, reflecting a decrease in estimated vegetative cover establishment costs from fiscal year 1994. However, it is also estimated that the amount of unobligated balance available in fiscal year 1995 will be about \$20 million less than the amount used in 1994, necessitating an increase in appropriation of \$8.94 million.

Nature of Change. No new program enrollment signup is proposed for fiscal year 1995. The Department is now studying various alternatives for expiring contracts and focusing on the future of those lands already under contract. The fiscal year 1995 appropriation request of \$1.752 billion, together with the estimated \$55.5 million in unobligated balances brought forward from fiscal year 1994, would provide:

- \$3.519 million for cost-sharing practices to establish permanent cover in fiscal year 1995 on 1993 and previous crop year acres.
- \$1.804 billion for cash rental payments for 1986- through 1993-crop acreage contracts signed during fiscal years 1986 through 1992. No CCC commodity certificates were used to make rental payments in fiscal year 1994 and none are proposed in fiscal year 1995.

The following tables show (a) actual CRP enrollment through fiscal year 1993 and estimated CRP enrollment for fiscal years 1994 and 1995, and (b) the geographic breakdown of obligations for fiscal years 1993-1995.

Conservation Reserve Program
Actual Enrollment Through 1993 and Estimated Through 1995
(Millions of Acres)

Crop Year	Actual FY 1986	Actual FY 1987	Actual FY 1988	Actual FY 1989	Actual FY 1990	Actual FY 1991	Actual FY 1992	Actual FY 1993	Estimated FY 1994	Estimated FY 1995	Crop Year Total
1986	2.04	--	--	--	--	--	--	--	--	--	2.04
1987	6.19	7.48	--	--	--	--	--	--	--	--	13.67
1988	--	6.44	2.32	--	--	--	--	--	--	--	8.76
1989	--	--	3.66	1.69	--	--	--	--	--	--	5.35
1990	--	--	--	4.10	--	--	--	--	--	--	4.10
1991	--	--	--	--	--	.48	--	--	--	--	0.48
1992	--	--	--	--	--	1.00	--	--	--	--	1.00
1993	--	--	--	--	--	--	1.02	--	--	--	1.02
1994	--	--	--	--	--	--	--	--	--	--	--
1995	--	--	--	--	--	--	--	--	--	--	--
1996	--	--	--	--	--	--	--	--	--	--	--
Total	8.23	13.92	5.98	5.79	--	1.48	1.02	--	--	--	36.42
Cumulative, Fiscal Year	8.23	22.15	28.13	33.92	33.92	35.40	36.42	36.42	36.42	36.42	

Conservation Reserve Program
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1993 and Estimated 1994 and 1995

State	1993 Actual	1994 Estimated	1995 Estimated
Alabama	23,328,369	24,719,595	24,500,120
Alaska	893,487	928,953	928,526
Arizona	1,312	1,312	1,312
Arkansas	12,122,922	12,854,726	12,715,254
California	8,717,171	9,125,370	9,116,028
Colorado	78,880,209	81,359,649	81,257,439
Delaware	60,403	65,711	65,704
Florida	5,388,221	5,693,632	5,640,318
Georgia	26,313,113	30,606,030	30,432,529
Hawaii	54,160	54,160	54,160
Idaho	37,672,902	40,519,899	40,197,445
Illinois	55,718,808	63,927,795	62,880,693
Indiana	31,543,731	34,781,804	34,359,622
Iowa	167,734,671	180,730,093	179,586,152
Kansas	151,888,337	154,444,045	154,157,953
Kentucky	25,180,864	27,083,239	26,821,391
Louisiana	6,394,019	6,519,736	6,473,697
Maine	1,710,888	1,910,166	1,906,633
Maryland	1,441,991	1,503,933	1,492,286
Massachusetts	1,020	1,020	1,020
Michigan	16,266,695	20,585,901	19,875,390
Minnesota	100,799,894	107,403,542	107,072,006
Mississippi	34,430,906	36,720,877	36,293,543
Missouri	101,485,757	110,894,484	109,700,007
Montana	102,416,639	106,874,562	106,448,034
Nebraska	76,451,924	79,783,944	79,476,600
Nevada	125,708	124,940	124,940
New Jersey	38,159	38,864	38,352
New Mexico	18,241,132	18,290,736	18,283,661
New York	3,169,269	3,581,187	3,544,230
North Carolina	6,506,107	6,975,285	6,921,372
North Dakota	104,467,155	122,172,259	122,046,770
Ohio	23,711,190	27,478,496	26,953,634
Oklahoma	49,656,828	50,816,809	50,702,460
Oregon	25,692,532	26,092,421	26,055,447
Pennsylvania	5,827,094	6,421,888	6,390,652
Puerto Rico	30,857	27,480	27,470
South Carolina	11,266,831	11,856,715	11,799,237
South Dakota	68,523,001	88,206,044	88,016,234
Tennessee	23,402,127	24,877,732	24,699,500
Texas	159,002,791	165,536,559	164,424,273
Utah	9,095,516	9,372,573	9,367,296
Vermont	11,997	9,685	9,676
Virginia	3,867,180	4,189,123	4,166,063
Washington	52,006,213	53,053,940	52,750,343
West Virginia	28,997	30,243	30,177
Wisconsin	42,668,443	50,608,911	50,053,970
Wyoming	9,826,244	9,889,436	9,887,777
Undistributed	-769,989	--	--
Subtotal, ASCS	1,683,293,795	1,818,745,499	1,807,747,397
SCS Technical Assistance	5,051,363		
Total Available or Estimate	1,688,345,158	1,818,745,499	1,807,747,397

CONSERVATION RESERVE PROGRAM

STATUS OF PROGRAM

Current Activities: The CRP is operated by State and local ASC committees, with technical assistance provided by appropriate agencies. The program is authorized in all 50 States, Puerto Rico, and the Virgin Islands on cropland that meets one of the following eligibility criteria:

- has an erosion rate in excess of three times the soil loss tolerance on land classes II-V;
- has gully erosion with erosion greater than twice the soil loss tolerance on land classes II-V;
- belongs to land classes VI, VII, or VIII regardless of the current rate of erosion;
- has an erodibility index equal to or greater than 8 for wind and water erosion and an erosion rate in excess of the soil loss tolerance;
- has an erosion rate of twice the soil loss tolerance and a predominance of 33% percent if the area is planted to trees;
- is a strip of land 66 to 99 feet wide adjacent to a perennial stream or water body;
- is subject to scour erosion;
- will be placed under specific enduring conservation practices;
- is a wellhead protection area identified by EPA;
- is a water quality impaired area that contributes to the degradation of water quality even if the land does not meet the highly erodible land criteria for being placed in the CRP. Such areas include the Chesapeake Bay Region, the Great Lakes Region, the Long Island Sound Region, and other environmentally sensitive areas approved by the Secretary.

Features of the program include:

1. Cover Practices. Nineteen practices are authorized in the National program to encourage farmers to establish a diverse mixture of perennial grasses or trees and shrubs to achieve permanent vegetative cover on eligible cropland. The major practices are:
 - Establishment of permanent introduced grasses and legumes
 - Establishment of permanent native grasses
 - Tree planting
 - Permanent wildlife habitat
 - Filter strips.
2. Contracts. Farm owners or operators enter into a contract to convert eligible cropland to vegetative cover. Contracts with USDA are based on farm owners' and operators' bids per acre, environmental benefits per dollar, and the number of acres that are placed under a 10-year to 15-year contract.

3. Payments. Under the Food Security Act of 1985, as amended by the Food, Agriculture, Conservation, and Trade (FACT) Act of 1990, payments are authorized to be made in cash or CCC commodity certificates in accordance with the terms of the contract. In fiscal year 1993, the following payments were made:
 - Cost-sharing - Payments equal to 50 percent of the cost of establishing permanent cover are made in cash after certification by the farmer that work has been completed. In addition, if disease, drought, or other natural disasters cause failure in the establishment of protective cover, the cost of reestablishment will be shared. Cost-share payments of \$32.02 million were made in fiscal year 1993.
 - Annual rental payments - Up to \$50,000 per year is paid to a farm owner or operator for converting eligible land to conservation use. In fiscal year 1993 rental payments of \$1.652 billion were paid in cash.
4. Technical Assistance. The SCS determines eligibility, develops conservation plans, and helps install approved practices. The Forest Service and cooperating State forestry agencies develop plans for tree planting and assist in carrying them out. The Extension Service provides information and educational assistance to inform landowners and operators about the program. Local soil and water conservation districts approve conservation plans. To ensure maximum program benefits, USDA consults with land grant universities, State soil and water agencies, State fish and wildlife agencies, the U.S. Fish and Wildlife Service, and others. Technical assistance payments of \$1.142 million were made to the Forest Service and \$5.165 million to SCS in fiscal year 1993 for services related to the twelfth and previous CRP signups.

Selected Examples of Recent Progress:

During fiscal year 1993, no signups were held. The following cumulative enrollment data, from fiscal year 1986 through fiscal year 1993, reflects program activity under both the Food Security Act of 1985 and the FACT Act of 1990.

- Participation. Accepted bids total 375,202.
- Acreage. Enrollment through fiscal year 1993 is approximately 36.4 million acres, comprised as follows:

<u>Crop Year</u>	<u>Acres Enrolled (in millions)</u>
1986	2.0
1987	13.7
1988	8.7
1989	5.4
1990	4.1
1991	0.5
1992	1.0
1993	1.0

- Base Acreage Reduction. Base acre reduction through fiscal year 1993, totals approximately 23.3 million acres or about 64 percent of total acres enrolled.
- Tree Planting Acreage. Acres designated for tree planting through fiscal year 1993 total approximately 2.5 million acres, 6.9 percent of total enrolled acres.
- Soil Erosion Reduction. In total, the 36.4 million acres enrolled through

fiscal year 1993 are expected to save about 694 million tons of soil per year when the land is in permanent cover.

- Water Quality Benefits: Under the program 52,931 acres of filter strips were enrolled through the twelfth signup, on land adjacent to a perennial stream or water body.

The following tables provide (1) a national summary of CRP activity through fiscal year 1993 by State and by crop year; (2) a summary of total program payments made in fiscal year 1993, by State; (3) a summary of program payments made in fiscal year 1993 by State and individual crop years 1986-1993; (4) a summary of acres enrolled, base acre reduction, tree acres, and expected annual erosion reduction by State through fiscal year 1993; and (5) acres of commodity base enrolled through fiscal year 1993.

Conservation Reserve Program
National Summary Cumulative from Inception
As of 9-30-93

Table 1
Page 1

State	No. Farms A Contracts	Acres Accepted								Total
		1986 Crop-Year	1987 Crop-Year	1988 Crop-Year	1989 Crop-Year	1990 Crop-Year	1991 Crop-Year	1992 Crop-Year	1993 Crop-Year	
Connecticut	1	0	0	10	0	119	0	0	0	129
Delaware	30	0	155	297	413	1,426	11	0	0	2,302
Maine	941	2,459	12,049	13,996	7,292	4,246	278	716	273	41,309
Maryland	707	486	2,272	3,921	5,132	0	1,575	1,808	950	16,144
Massachusetts	5	15	10	0	7	0	0	0	0	32
New Hampshire	0	0	0	0	0	165	0	0	0	165
New Jersey	30	150	84	129	132	3,463	0	0	62	4,020
New York	1,729	5,860	19,878	16,353	9,052	12,095	3,038	3,213	3,640	73,129
Pennsylvania	2,649	6,051	29,805	23,999	20,515	0	1,952	3,722	2,939	88,983
Rhode Island	0	0	0	0	0	0	0	0	0	0
Vermont	10	16	168	0	3	14	0	6	0	207
West Virginia	35	89	223	205	78	0	0	0	8	603
NORTHEAST AREA	6,137	15,126	64,644	58,910	42,624	21,528	6,854	9,465	7,872	227,023
Illinois	19,685	32,088	241,025	116,495	145,948	98,025	28,403	72,505	77,438	811,927
Indiana	11,539	10,922	138,399	67,910	93,289	54,209	14,917	40,551	42,451	462,648
Iowa	35,667	79,923	1,174,361	238,673	282,883	194,318	37,222	100,490	116,963	2,224,833
Michigan	8,039	7,458	64,865	54,812	44,665	24,505	17,792	41,822	76,934	332,853
Minnesota	27,221	136,007	1,006,881	341,002	220,812	125,970	20,230	48,487	29,565	1,928,954
Missouri	22,804	103,124	779,828	392,979	155,044	73,439	32,867	87,992	101,563	1,726,836
Ohio	8,542	8,844	95,381	43,452	57,520	48,932	19,267	51,102	52,590	377,088
Wisconsin	20,789	21,618	211,629	173,317	107,548	89,947	31,770	56,459	54,241	746,529
MIDWEST AREA	154,286	399,984	3,712,369	1,428,640	1,107,709	709,345	202,468	499,408	551,745	8,611,668
Alabama	10,113	71,173	239,603	116,096	72,993	19,664	16,487	14,601	22,573	573,190
Arkansas	3,418	21,636	72,480	53,395	48,964	28,879	9,144	11,462	14,046	260,006
Florida	2,497	12,711	39,023	36,625	24,479	10,175	2,338	3,971	5,538	134,860
Georgia	14,718	48,858	213,819	176,741	159,959	63,779	11,395	14,476	17,431	706,458
Kentucky	8,102	43,562	240,295	74,011	40,258	18,673	6,761	10,659	17,098	451,317
Louisiana	1,785	7,111	38,391	34,679	27,642	25,085	4,782	4,524	4,358	146,572
Mississippi	13,567	83,816	312,301	146,491	105,212	79,078	33,070	40,103	41,755	841,826
North Carolina	6,497	10,531	51,590	40,631	23,058	11,229	3,103	5,621	5,243	151,006
Puerto Rico	8	60	168	152	60	0	15	0	0	455
South Carolina	6,737	18,989	115,321	60,342	47,454	23,407	2,563	4,042	5,952	278,070
Tennessee	10,830	55,264	198,484	94,466	57,468	23,670	10,856	18,028	17,388	475,624
Virgin Islands	0	0	0	0	0	0	0	0	0	0
Virginia	3,186	4,962	21,852	23,091	16,498	7,535	1,399	1,886	2,333	79,556
SOUTHEAST AREA	81,458	378,673	1,543,327	856,720	624,045	311,174	101,913	129,373	153,715	4,098,940
Alaska	44	1,345	19,228	3,990	138	674	647	0	0	26,022
Idaho	3,907	100,735	376,664	174,757	93,116	45,789	19,551	35,521	30,926	877,059
Montane	7,925	50,470	768,760	1,044,571	521,287	335,045	49,167	45,731	39,276	2,854,307
Nebraska	14,449	74,062	621,451	315,314	191,269	146,834	10,521	36,301	29,672	1,425,424
North Dakota	18,520	39,642	591,632	984,459	794,086	727,385	13,799	18,990	10,581	3,180,574
Oregon	2,012	64,400	326,352	96,329	22,192	7,877	2,736	8,126	2,754	530,766
South Dakota	12,476	34,531	373,133	481,846	503,290	691,756	4,210	10,828	20,660	2,120,254
Washington	4,483	55,155	482,900	283,190	73,708	80,367	8,236	33,563	29,909	1,047,028
Wyoming	795	10,072	105,763	93,128	22,401	25,658	0	0	201	257,223
NORTHWEST AREA	64,611	430,412	3,665,883	3,477,584	2,221,487	2,061,385	108,867	189,060	163,979	12,318,657
Arizona	0	0	0	0	0	0	0	0	0	0
California	511	23,118	101,206	32,509	18,940	7,280	0	4,068	377	187,498
Colorado	6,199	358,777	952,330	322,691	158,965	160,278	1,556	14,157	9,636	1,978,390
Hawaii	1	85	0	0	0	0	0	0	0	85
Kansas	31,020	104,492	873,592	1,054,646	427,889	401,168	8,812	40,867	26,397	2,937,863
Nevada	10	0	0	2,072	324	727	0	0	0	3,123
New Mexico	1,518	95,696	329,867	37,939	14,880	2,383	29	1,881	506	483,181
Oklahoma	8,688	60,980	463,686	365,116	148,640	117,028	5,647	22,102	9,305	1,192,504
Texas	19,766	155,192	1,813,283	1,073,694	575,591	303,611	39,029	86,577	103,504	4,150,481
Utah	997	20,595	149,361	45,944	13,555	2,866	0	1,253	407	233,981
SOUTHWEST AREA	68,710	818,935	4,683,325	2,934,611	1,358,784	995,341	55,073	170,905	150,132	11,167,106
TOTAL AREAS	375,202	2,043,130	13,669,548	8,756,465	5,354,649	4,098,773	475,175	998,211	1,027,443	36,423,394
SCS T/A	0	0	0	0	0	0	0	0	0	0
FS T/A	0	0	0	0	0	0	0	0	0	0
undistributed	0	0	0	0	0	0	0	0	0	0
TOTAL PROGRAM	375,202	2,043,130	13,669,548	8,756,465	5,354,649	4,098,773	475,175	998,211	1,027,443	36,423,394

Conservation Reserve Program
National Summary Cumulative from Inception
As of 9-30-93

Table 1
Page 2

State	Contract Amount			
	10-Year Rental	Corn Bonus	Estimated Cost-Share	Total
Connecticut	5,000	0	2,662	7,662
Delaware	656,990	12,660	43,330	712,980
Maine	19,052,010	3,421	2,143,104	21,198,535
Maryland	14,872,830	97,868	937,837	15,908,535
Massachusetts	15,200	0	3,931	19,131
New Hampshire	0	0	0	0
New Jersey	382,090	263	37,769	420,122
New York	35,316,370	1,035,009	2,420,301	38,771,680
Pennsylvania	63,795,350	925,848	2,954,604	67,675,802
Rhode Island	0	0	0	0
Vermont	96,700	0	9,333	106,033
West Virginia	301,580	6,350	11,174	319,104
NORTHEAST AREA	134,494,120	2,081,419	8,564,045	145,139,584
Illinois	626,200,880	15,796,987	24,581,255	666,579,122
Indiana	342,164,920	9,939,370	17,708,565	369,812,855
Iowa	1,831,309,690	118,192,518	59,125,447	2,008,627,655
Michigan	196,503,980	3,624,263	8,183,652	208,311,895
Minnesota	1,069,507,080	39,089,053	46,778,893	1,155,375,026
Missouri	1,093,675,420	20,296,839	47,438,408	1,161,410,667
Ohio	267,752,020	6,170,658	11,500,143	285,422,821
Wisconsin	498,578,150	15,325,636	14,716,717	528,620,503
MIDWEST AREA	5,925,692,140	228,435,324	230,033,080	6,384,160,544
Alabama	244,280,820	1,364,971	17,284,950	262,930,741
Arkansas	126,697,540	67,264	7,668,960	134,433,764
Florida	56,228,220	273,680	2,699,831	59,201,731
Georgia	304,215,310	2,600,317	17,904,478	324,720,105
Kentucky	267,691,100	10,561,342	12,536,786	290,789,228
Louisiana	64,575,720	97,205	3,307,787	67,980,712
Mississippi	361,460,730	763,805	19,252,879	381,477,414
North Carolina	69,026,740	1,058,602	4,563,303	74,648,645
Puerto Rico	274,650	0	8,314	282,964
South Carolina	117,806,410	1,255,656	5,878,238	124,940,304
Tennessee	246,379,040	3,223,473	30,805,746	280,408,259
Virgin Islands	0	0	0	0
Virginia	41,583,450	435,712	2,132,170	44,151,332
SOUTHEAST AREA	1,900,219,730	21,702,027	124,043,442	2,045,965,199
Alaska	9,529,870	0	1,928,641	11,458,511
Idaho	400,843,880	273,508	24,751,458	425,868,846
Montana	1,062,958,090	226,401	44,987,808	1,108,172,299
Nebraska	793,686,470	36,651,516	34,468,963	864,806,949
North Dakota	1,219,989,730	6,249,860	67,856,337	1,294,095,927
Oregon	260,401,380	44,150	14,345,344	274,790,874
South Dakota	879,563,980	5,610,740	39,542,898	924,717,618
Washington	526,453,080	463,221	30,400,129	557,316,430
Wyoming	98,851,050	61,826	4,849,166	103,762,042
NORTHWEST AREA	5,252,277,530	49,581,222	263,130,744	5,564,989,496
Arizona	0	0	0	0
California	91,111,290	0	2,245,696	93,356,986
Colorado	812,201,510	2,971,342	71,048,060	886,220,912
Hawaii	68,000	0	0	68,000
Kansas	1,551,835,240	6,747,014	85,772,028	1,644,354,282
Nevada	1,249,400	0	51,665	1,301,065
New Mexico	182,806,140	885,006	18,560,428	202,251,574
Oklahoma	506,572,210	509,361	25,665,230	532,746,801
Texas	1,640,865,900	11,144,888	152,283,471	1,804,294,259
Utah	93,651,150	15,453	4,240,376	97,906,979
SOUTHWEST AREA	4,880,360,840	22,273,064	359,866,954	5,262,500,858
TOTAL AREAS	18,093,044,360	324,073,056	985,638,265	19,402,755,681
SCS T/A	0	0	0	0
FS T/A	0	0	0	0
undistributed	0	0	0	0
TOTAL PROGRAM	18,093,044,360	324,073,056	985,638,265	19,402,755,681

Conservation Reserve Program
Fiscal Year 1993 National Summary
As of 9-30-93

Table 2

State	Payments					Total
	Cash Rental	Cost-Share	Technical Assistance	Liq. Payments		
Connecticut	0	0	0	0		0
Delaware	60,403	0	0	0		60,403
Maine	1,710,483	405	0	0		1,710,888
Maryland	1,332,086	109,906	0	0		1,441,991
Massachusetts	1,020	0	0	0		1,020
New Hampshire	0	0	0	0		0
New Jersey	33,594	4,565	0	0		38,159
New York	3,098,962	70,307	0	0		3,169,269
Pennsylvania	5,794,938	32,156	0	0		5,827,094
Rhode Island	0	0	0	0		0
Vermont	11,997	0	0	0		11,997
West Virginia	28,997	0	0	0		28,997
NORTHEAST AREA	12,072,479	217,339	0	0		12,289,818
Illinois	53,354,947	2,357,047	6,814	0		55,718,808
Indiana	29,941,179	1,602,474	78	0		31,543,731
Iowa	165,041,523	2,688,242	4,905	0		167,734,671
Michigan	15,078,792	1,185,345	2,558	0		16,266,695
Minnesota	99,750,017	1,046,950	2,927	0		100,799,894
Missouri	99,111,883	2,373,195	679	0		101,485,757
Ohio	21,663,468	2,047,894	-172	0		23,711,190
Wisconsin	41,248,327	1,419,745	371	0		42,668,443
MIDWEST AREA	525,190,136	14,720,892	18,160	0		539,929,188
Alabama	22,480,219	848,150	0	0		23,328,369
Arkansas	11,365,606	757,316	0	0		12,122,922
Florida	5,165,135	223,087	0	0		5,388,221
Georgia	25,645,248	667,866	0	0		26,313,113
Kentucky	24,797,979	382,885	0	0		25,180,864
Louisiana	6,127,640	265,680	700	0		6,394,019
Mississippi	32,874,481	1,556,425	0	0		34,430,906
North Carolina	6,308,505	197,602	0	0		6,506,107
Puerto Rico	29,325	1,532	0	0		30,857
South Carolina	11,028,117	237,775	939	0		11,266,831
Tennessee	22,587,324	814,803	0	0		23,402,127
Virgin Islands	0	0	0	0		0
Virginia	3,818,997	48,183	0	0		3,867,180
SOUTHEAST AREA	172,228,575	6,001,303	1,639	0		178,231,517
Alaska	893,487	0	0	0		893,487
Idaho	36,725,751	946,553	598	0		37,672,902
Montana	101,675,740	740,368	531	0		102,416,639
Nebraska	75,347,277	1,103,779	868	0		76,451,924
North Dakota	103,721,982	744,620	553	0		104,467,155
Oregon	25,378,281	314,251	0	0		25,692,532
South Dakota	67,915,566	606,445	990	0		68,523,001
Washington	50,600,169	1,406,045	0	0		52,006,213
Wyoming	9,678,803	147,441	0	0		9,826,244
NORTHWEST AREA	471,937,055	6,009,502	3,540	0		477,950,097
Arizona	1,312	0	0	0		1,312
California	8,727,614	-26,418	15,975	0		8,717,171
Colorado	78,335,069	544,585	555	0		78,880,209
Hawaii	54,160	0	0	0		54,160
Kansas	150,732,265	1,156,147	-75	0		151,888,337
Nevada	125,708	0	0	0		125,708
New Mexico	18,167,752	73,380	0	0		18,241,132
Oklahoma	49,185,865	470,478	485	0		49,656,828
Texas	156,249,257	2,753,534	0	0		159,002,791
Utah	8,998,164	97,351	0	0		9,095,516
SOUTHWEST AREA	470,577,166	5,069,057	16,940	0		475,663,163
TOTAL AREAS	1,652,005,412	32,018,094	40,278 a/	0		1,684,063,784
SCS T/A	0	0	5,165,508	0		5,165,508
FS T/A	0	0	1,142,186	0		1,142,186
undistributed	56,530	852	0	-827,371		-769,989
TOTAL PROGRAM	1,652,061,942	32,018,946	6,347,972	-827,371		1,689,601,489

a/ Represents technical assistance for establishment of long term easements.

Crop Year 1986 Conservation Reserve Program
Fiscal Year 1993 National Summary
As of 9-30-93

Table 3
Page 1

State	No. Farms & Contracts	Acres Accepted	Contract Amount		Total
			Annual Rental	Estimated Cost-Share	
Connecticut	0	0	0	0	0
Delaware	0	0	0	0	0
Maine	72	2,459	111,216	149,568	260,784
Maryland	20	486	24,751	37,768	62,519
Massachusetts	1	15	675	1,663	2,338
New Hampshire	0	0	0	0	0
New Jersey	7	150	7,675	7,878	15,553
New York	175	5,860	318,018	280,473	598,491
Pennsylvania	207	6,051	335,252	311,377	646,629
Rhode Island	0	0	0	0	0
Vermont	2	16	800	556	1,356
West Virginia	4	89	3,765	2,239	6,004
NORTHEAST AREA	488	15,126	802,152	791,522	1,593,674
Illinois	852	32,088	2,013,173	1,578,844	3,592,017
Indiana	369	10,922	621,630	512,121	1,133,751
Iowa	1,394	79,923	5,504,701	2,499,617	8,004,318
Michigan	210	7,458	389,716	213,020	602,736
Minnesota	1,833	136,007	6,480,905	3,684,170	10,165,075
Missouri	1,354	103,124	5,474,740	3,416,597	8,891,337
Ohio	267	8,844	470,327	330,874	801,201
Wisconsin	703	21,618	1,258,518	634,395	1,892,913
MIDWEST AREA	6,982	399,984	22,213,710	12,869,638	35,083,348
Alabama	959	71,173	2,528,266	3,182,973	5,711,239
Arkansas	300	21,636	990,211	838,885	1,829,096
Florida	237	12,711	445,678	221,432	667,110
Georgia	1,212	48,858	1,746,827	1,267,127	3,013,954
Kentucky	807	43,562	2,390,638	1,499,860	3,890,498
Louisiana	83	7,111	278,731	155,190	433,921
Mississippi	1,397	83,816	2,897,625	1,942,921	4,840,546
North Carolina	423	10,531	456,781	377,634	834,415
Puerto Rico	1	60	3,600	5,669	9,269
South Carolina	453	18,989	632,582	484,868	1,117,450
Tennessee	1,399	55,264	2,637,332	1,956,092	4,593,424
Virgin Islands	0	0	0	0	0
Virginia	209	4,962	213,870	173,916	387,786
SOUTHEAST AREA	7,480	378,673	15,222,141	12,106,567	27,328,708
Alaska	1	1,345	49,765	119,600	169,365
Idaho	297	100,735	4,231,955	3,312,595	7,544,550
Montana	148	50,470	1,653,972	808,978	2,462,950
Nebraska	734	74,062	3,653,090	1,896,356	5,549,446
North Dakota	295	39,642	1,331,773	758,618	2,090,391
Oregon	256	64,400	3,034,160	2,112,785	5,146,945
South Dakota	311	34,531	1,262,540	1,571,264	2,833,804
Washington	245	55,155	2,546,258	1,932,005	4,478,263
Wyoming	20	10,072	300,912	235,452	536,364
NORTHWEST AREA	2,307	430,412	18,064,425	12,747,653	30,812,078
Arizona	0	0	0	0	0
California	56	23,118	1,095,260	485,631	1,580,891
Colorado	857	358,777	13,620,596	13,531,138	27,151,734
Hawaii	1	85	6,800	0	6,800
Kansas	1,316	104,492	5,032,245	2,835,527	7,867,772
Nevada	0	0	0	0	0
New Mexico	310	95,696	3,387,888	4,909,289	8,297,177
Oklahoma	423	60,980	2,351,178	1,226,340	3,577,518
Texas	686	155,192	5,531,867	6,294,702	11,826,569
Utah	98	20,595	748,029	479,995	1,228,024
SOUTHWEST AREA	3,747	818,935	31,773,863	29,762,622	61,536,485
TOTAL AREAS	21,004	2,043,130	88,076,291	68,278,002	156,354,293
SCS T/A	0	0	0	0	0
FS T/A	0	0	0	0	0
undistributed	0	0	0	0	0
TOTAL PROGRAM	21,004	2,043,130	88,076,291	68,278,002	156,354,293

Crop Year 1986 Conservation Reserve Program
Fiscal Year 1993 National Summary
As of 9-30-93

Tabla 3
Page 2

State	Payments				Total
	Cash Rental	Cost-Share	Technical Assistance	Liq. Payments	
Connecticut	0	0	0	0	0
Delaware	0	0	0	0	0
Maine	107,783	0	0	0	107,783
Maryland	18,255	0	0	0	18,255
Massachusetts	675	0	0	0	675
New Hampshire	0	0	0	0	0
New Jersey	6,985	0	0	0	6,985
New York	303,380	0	0	0	303,380
Pennsylvania	289,284	-36	0	0	289,248
Rhode Island	0	0	0	0	0
Vermont	640	0	0	0	640
West Virginia	3,766	0	0	0	3,766
NORTHEAST AREA	730,768	-36	0	0	730,732
Illinois	1,965,329	1,014	0	0	1,966,343
Indiana	602,090	-768	0	0	601,322
Iowa	5,140,920	9,357	0	0	5,150,277
Michigan	377,081	0	0	0	377,081
Minnesota	6,241,671	11,167	0	0	6,252,838
Missouri	5,285,802	8,558	0	0	5,294,359
Ohio	430,040	-10	0	0	430,030
Wisconsin	1,200,465	2,106	0	0	1,202,570
MIDWEST AREA	21,243,398	31,422	0	0	21,274,820
Alabama	2,434,552	-3,583	0	0	2,430,969
Arkansas	901,108	1,323	0	0	902,431
Florida	421,993	-53	0	0	421,940
Georgia	1,669,664	-7,167	0	0	1,662,497
Kentucky	2,354,068	381	0	0	2,354,449
Louisiana	257,743	0	0	0	257,743
Mississippi	2,780,645	-70	0	0	2,780,574
North Carolina	419,238	-105	0	0	419,133
Puerto Rico	3,600	0	0	0	3,600
South Carolina	614,762	0	0	0	614,762
Tennessee	2,488,901	-7,077	0	0	2,481,825
Virgin Islands	0	0	0	0	0
Virginia	202,812	0	0	0	202,812
SOUTHEAST AREA	14,549,086	-16,351	0	0	14,532,735
Alaska	82,038	0	0	0	82,038
Idaho	1,498,696	633	0	0	1,499,329
Montana	1,782,588	7,831	0	0	1,790,419
Nebraska	3,581,647	42,068	0	0	3,623,715
North Dakota	1,191,308	1,313	0	0	1,192,621
Oregon	2,945,549	8,967	0	0	2,954,516
South Dakota	1,303,233	4,610	0	0	1,307,843
Washington	2,512,350	79,951	0	0	2,592,301
Wyoming	230,895	0	0	0	230,895
NORTHWEST AREA	15,128,304	145,373	0	0	15,273,676
Arizona	0	0	0	0	0
California	1,036,589	0	0	0	1,036,589
Colorado	13,212,120	39,056	0	0	13,251,176
Hawaii	6,800	0	0	0	6,800
Kansas	4,943,997	17,689	0	0	4,961,686
Nevada	0	0	0	0	0
New Mexico	3,302,400	6,568	0	0	3,308,968
Oklahoma	2,220,103	2,480	0	0	2,222,584
Texas	5,302,618	25,069	0	0	5,327,686
Utah	716,193	2,896	0	0	719,089
SOUTHWEST AREA	30,740,820	93,758	0	0	30,834,578
TOTAL AREAS	82,392,375	254,165	0	0	82,646,541
SCS T/A	0	0	174,192	0	174,192
FS T/A	0	0	0	0	0
undistributed	0	0	0	0	0
TOTAL PROGRAM	82,392,375	254,165	174,192	0	82,820,733

Crop Year 1987 Conservation Reserve Program
Fiscal Year 1993 National Summary
As of 9-30-93

Table 3
Page 3

State	No. Farms A Contracts	Acres Accepted	Contract Amount				Total
			Annual Rental	Corn Bonus	Estimated Cost-Share		
Connecticut	0	0	0	0	0	0	
Delaware	4	155	10,015	12,660	4,556	27,231	
Maine	303	12,049	596,017	3,421	725,526	1,324,964	
Maryland	64	2,272	137,944	97,868	113,623	349,435	
Massachusetts	1	10	500	0	2,123	2,623	
New Hampshire	0	0	0	0	0	0	
New Jersey	5	84	4,395	263	4,135	8,793	
New York	502	19,878	1,133,439	1,035,009	707,176	2,875,624	
Pennsylvania	778	29,805	1,792,310	925,848	966,675	3,684,833	
Rhode Island	0	0	0	0	0	0	
Vermont	6	168	8,415	0	8,476	16,891	
West Virginia	12	223	10,800	6,350	3,925	21,075	
NORTHEAST AREA	1,675	64,644	3,693,835	2,081,419	2,536,215	8,311,469	
Illinois	4,853	241,025	17,058,386	15,796,987	7,182,307	40,037,680	
Indiana	3,101	138,399	9,064,737	9,939,370	6,196,825	25,200,932	
Iowa	15,272	1,174,361	90,529,636	118,192,518	29,707,680	238,429,834	
Michigan	1,541	64,865	3,725,332	3,624,263	1,459,557	8,809,152	
Minnesota	13,105	1,006,881	58,294,589	39,089,053	23,505,195	120,888,837	
Missouri	8,717	779,828	48,969,256	20,296,839	21,152,474	90,418,569	
Ohio	1,969	95,381	5,785,829	6,170,658	2,787,607	14,744,094	
Wisconsin	5,100	211,629	14,179,406	15,325,636	3,735,998	33,241,040	
MIDWEST AREA	53,658	3,712,369	247,607,171	228,435,324	95,727,643	571,770,138	
Alabama	3,518	239,603	10,203,728	1,364,971	6,194,603	17,763,302	
Arkansas	923	72,480	3,564,945	67,264	2,029,414	5,661,623	
Florida	677	39,023	1,637,486	273,680	690,258	2,601,424	
Georgia	4,260	213,819	9,076,305	2,600,317	5,144,490	16,821,112	
Kentucky	3,986	240,295	14,198,855	10,561,342	6,566,630	31,326,827	
Louisiana	490	38,391	1,659,212	97,205	765,612	2,522,029	
Mississippi	4,725	312,301	13,321,674	763,805	6,395,272	20,480,751	
North Carolina	1,890	51,590	2,346,534	1,058,602	1,621,108	5,026,244	
Puerto Rico	3	168	10,080	0	425	10,505	
South Carolina	2,427	115,321	4,880,569	1,255,656	2,327,711	8,463,936	
Tennessee	4,234	198,484	10,282,758	3,223,473	6,560,402	20,066,633	
Virgin Islands	0	0	0	0	0	0	
Virginia	845	21,852	1,062,975	435,712	571,906	2,070,593	
SOUTHEAST AREA	27,978	1,543,327	72,245,121	21,702,027	38,867,831	132,814,979	
Alaska	30	19,228	702,322	0	1,439,397	2,141,719	
Idaho	1,487	376,664	16,880,191	273,508	10,408,033	27,561,732	
Montana	2,053	768,760	28,054,461	226,401	10,508,053	38,788,915	
Nebraska	5,361	621,451	35,015,527	36,651,516	14,448,775	86,115,818	
North Dakota	3,434	591,632	22,066,980	6,249,860	11,162,926	39,479,766	
Oregon	1,009	326,352	16,092,263	44,150	8,722,305	24,858,718	
South Dakota	2,621	373,133	14,709,040	5,610,740	7,070,774	27,390,554	
Washington	1,758	482,900	23,776,502	463,221	13,662,746	37,902,469	
Wyoming	320	105,763	4,093,192	61,826	1,931,287	6,086,305	
NORTHWEST AREA	18,073	3,665,883	161,390,478	49,581,222	79,354,296	290,325,996	
Arizona	0	0	0	0	0	0	
California	229	101,206	4,894,744	0	944,302	5,839,046	
Colorado	2,801	952,330	39,150,416	2,971,342	33,012,185	75,133,943	
Hawaii	0	0	0	0	0	0	
Kansas	8,511	873,592	45,599,977	6,747,014	22,295,287	74,642,278	
Nevada	0	0	0	0	0	0	
New Mexico	984	329,867	12,623,854	885,006	11,913,334	25,422,194	
Oklahoma	2,976	463,686	19,517,891	509,361	8,313,992	28,341,244	
Texas	7,516	1,813,283	71,450,277	11,144,888	68,156,191	150,751,356	
Utah	521	149,361	6,108,757	15,453	2,688,724	8,812,934	
SOUTHWEST AREA	23,538	4,683,325	199,345,916	22,273,064	147,324,015	368,942,995	
TOTAL AREAS	124,922	13,669,548	684,282,521	324,073,056	363,810,000	1,372,165,577	
SCS T/A	0	0	0	0	0	0	
FS T/A	0	0	0	0	0	0	
undistributed	0	0	0	0	0	0	
TOTAL PROGRAM	124,922	13,669,548	684,282,521	324,073,056	363,810,000	1,372,165,577	

Crop Year 1987 Conservation Reserve Program
Fiscal Year 1993 National Summary
As of 9-30-93

Table 3
Page 4

State	Payments				Total
	Cash Rental	Cost-Share	Technical Assistance	Liq. Payments	
Connecticut	0	0	0	0	0
Delaware	8,878	0	0	0	8,878
Maine	539,859	0	0	0	539,859
Maryland	129,320	156	0	0	129,476
Massachusetts	0	0	0	0	0
New Hampshire	0	0	0	0	0
New Jersey	5,356	0	0	0	5,356
New York	1,052,793	-441	0	0	1,052,353
Pennsylvania	1,715,749	-6,489	0	0	1,709,260
Rhode Island	0	0	0	0	0
Vermont	9,957	0	0	0	9,957
West Virginia	10,798	0	0	0	10,798
NORTHEAST AREA	3,472,710	-6,773	0	0	3,465,937
Illinois	16,267,619	40,271	-391	0	16,307,499
Indiana	8,771,760	5,527	0	0	8,777,288
Iowa	86,947,706	86,258	0	0	87,033,964
Michigan	3,603,573	-2,552	0	0	3,601,021
Minnesota	56,928,727	45,995	0	0	56,974,723
Missouri	48,088,059	119,957	0	0	48,208,017
Ohio	5,534,813	2,565	0	0	5,537,378
Wisconsin	13,447,997	29,152	0	0	13,477,149
MIDWEST AREA	239,590,255	327,174	-391	0	239,917,038
Alabama	9,898,378	-3,698	0	0	9,894,680
Arkansas	3,516,880	12,146	0	0	3,529,026
Florida	1,535,225	-174	0	0	1,535,051
Georgia	8,770,891	-1,881	0	0	8,769,010
Kentucky	13,822,944	-3,061	0	0	13,819,883
Louisiana	1,565,041	1,154	0	0	1,566,195
Mississippi	12,958,915	19,102	0	0	12,978,017
North Carolina	2,245,708	-3,606	0	0	2,242,103
Puerto Rico	11,940	0	0	0	11,940
South Carolina	4,646,337	1,458	0	0	4,647,796
Tennessee	9,911,723	-1,640	0	0	9,910,082
Virgin Islands	0	0	0	0	0
Virginia	1,007,191	-1,234	0	0	1,005,958
SOUTHEAST AREA	69,891,175	18,566	0	0	69,909,741
Alaska	508,534	0	0	0	508,534
Idaho	18,853,795	125,683	0	0	18,979,478
Montana	26,966,657	-19,979	0	0	26,946,678
Nebraska	34,270,822	237,797	0	0	34,508,619
North Dakota	19,677,734	67,144	0	0	19,744,878
Oregon	15,613,712	76,415	0	0	15,690,127
South Dakota	13,570,794	20,593	0	0	13,591,387
Washington	23,330,906	103,016	0	0	23,433,922
Wyoming	4,002,416	44,753	0	0	4,047,169
NORTHWEST AREA	156,795,370	655,422	0	0	157,450,793
Arizona	0	0	0	0	0
California	4,698,993	-46,154	0	0	4,652,839
Colorado	37,986,906	90,976	0	0	38,077,882
Hawaii	0	0	0	0	0
Kansas	44,986,961	95,090	0	0	45,082,051
Nevada	0	0	0	0	0
New Mexico	12,572,347	35,850	0	0	12,608,197
Oklahoma	19,193,901	62,415	0	0	19,256,316
Texas	70,166,319	145,741	0	0	70,312,059
Utah	5,812,011	41,759	0	0	5,853,770
SOUTHWEST AREA	195,417,437	425,677	0	0	195,843,115
TOTAL AREAS	665,166,947	1,420,066	-391	0	666,586,623
SCS T/A	0	0	1,165,430	0	1,165,430
FS T/A	0	0	0	0	0
undistributed	0	852	0	0	852
TOTAL PROGRAM	665,166,947	1,420,918	1,165,039	0	667,752,905

Crop Year 1988 Conservation Reserve Program
Fiscal Year 1993 National Summary
As of 9-30-93

Table 3
Page 5

State	No. Farms & Contracts	Acres Accepted	Contract Amount		Total
			Annual Rental	Estimated Cost-Share	
Connecticut	1	10	500	2,662	3,162
Delaware	12	297	15,792	12,627	28,419
Maine	315	13,996	695,986	897,977	1,593,963
Maryland	152	3,921	245,294	235,731	481,025
Massachusetts	0	0	0	0	0
New Hampshire	0	0	0	0	0
New Jersey	4	129	7,178	10,789	17,967
New York	487	16,353	922,797	763,781	1,686,578
Pennsylvania	653	23,999	1,483,183	624,233	2,107,416
Rhode Island	0	0	0	0	0
Vermont	0	0	0	0	0
West Virginia	10	205	10,235	2,790	13,025
NORTHEAST AREA	1,634	58,910	3,380,965	2,550,590	5,931,555
Illinois	3,243	116,495	8,402,326	3,566,666	11,968,992
Indiana	1,947	67,910	4,646,180	2,828,062	7,474,242
Iowa	4,790	238,673	18,682,387	6,666,092	25,348,479
Michigan	1,400	54,812	3,181,726	1,050,680	4,232,406
Minnesota	5,118	341,002	18,352,758	9,074,595	27,427,353
Missouri	5,669	392,979	25,267,848	10,696,092	35,963,940
Ohio	1,207	43,452	2,642,714	1,449,679	4,092,393
Wisconsin	5,367	173,317	11,715,158	3,019,160	14,734,318
MIDWEST AREA	28,741	1,428,640	92,891,097	38,351,026	131,242,123
Alabama	2,620	116,096	5,084,190	3,588,658	8,672,848
Arkansas	788	53,395	2,621,898	1,669,218	4,291,116
Florida	693	36,625	1,583,792	735,515	2,319,307
Georgia	4,067	176,741	7,739,486	4,902,560	12,642,046
Kentucky	1,478	74,011	4,405,643	2,055,452	6,461,095
Louisiana	457	34,679	1,537,403	698,098	2,235,501
Mississippi	2,771	146,491	6,394,441	3,444,926	9,839,367
North Carolina	1,828	40,631	1,867,941	1,309,459	3,177,400
Puerto Rico	2	152	9,060	0	9,060
South Carolina	1,686	60,342	2,630,241	1,359,055	3,989,296
Tennessee	2,291	94,466	4,966,375	3,295,143	8,261,518
Virgin Islands	0	0	0	0	0
Virginia	951	23,091	1,163,128	613,746	1,776,874
SOUTHEAST AREA	19,632	856,720	40,003,598	23,671,830	63,675,428
Alaska	7	3,990	147,499	299,335	446,834
Idaho	935	174,757	8,216,511	5,036,656	13,253,167
Montana	2,839	1,044,571	39,831,895	17,270,318	57,102,213
Nebraska	3,281	315,314	16,802,776	8,521,924	25,324,700
North Dakota	5,627	984,459	38,298,623	24,231,172	62,529,795
Oregon	477	96,329	4,740,666	2,405,426	7,146,092
South Dakota	2,794	481,846	19,389,182	10,683,304	30,072,486
Washington	1,282	283,190	14,386,248	8,428,100	22,814,348
Wyoming	295	93,128	3,647,095	2,016,570	5,663,665
NORTHWEST AREA	17,537	3,477,584	145,460,495	78,892,805	224,353,300
Arizona	0	0	0	0	0
California	119	32,509	1,600,957	467,426	2,068,383
Colorado	1,220	322,691	13,806,999	13,517,639	27,324,638
Hawaii	0	0	0	0	0
Kansas	10,142	1,054,646	55,839,611	33,778,333	89,617,944
Nevada	5	2,072	82,900	34,858	117,758
New Mexico	144	37,939	1,504,475	1,263,881	2,768,356
Oklahoma	2,765	365,116	15,726,347	9,158,011	24,884,358
Texas	5,346	1,073,694	42,825,261	43,273,236	86,098,497
Utah	247	45,944	1,787,500	780,368	2,567,868
SOUTHWEST AREA	19,988	2,934,611	133,174,050	102,273,752	235,447,802
TOTAL AREAS	87,532	8,756,465	414,910,205	245,740,003	660,650,208
SCS T/A	0	0	0	0	0
FS T/A	0	0	0	0	0
undistributed	0	0	0	0	0
TOTAL PROGRAM	87,532	8,756,465	414,910,205	245,740,003	660,650,208

Crop Year 1988 Conservation Reserve Program
Fiscal Year 1993 National Summary
As of 9-30-93

Table 3
Page 6

State	Payments				Total
	Cash Rental	Cost-Share	Technical Assistance	Liq. Payments	
Connecticut	0	0	0	0	0
Delaware	11,766	0	0	0	11,766
Maine	659,640	0	0	0	659,640
Maryland	216,922	-360	0	0	216,562
Massachusetts	0	0	0	0	0
New Hampshire	0	0	0	0	0
New Jersey	5,143	0	0	0	5,143
New York	831,962	-8,556	0	0	823,406
Pennsylvania	1,343,318	-82	0	0	1,343,235
Rhode Island	0	0	0	0	0
Vermont	1,100	0	0	0	1,100
West Virginia	10,160	0	0	0	10,160
NORTHEAST AREA	3,080,010	-8,998	0	0	3,071,013
Illinois	7,999,501	32,491	0	0	8,031,992
Indiana	4,444,693	1,226	0	0	4,445,919
Iowa	17,678,543	18,185	0	0	17,696,728
Michigan	3,049,294	-5,158	0	0	3,044,136
Minnesota	17,069,986	36,734	0	0	17,106,720
Missouri	24,778,559	102,008	0	0	24,880,567
Ohio	2,388,211	-2,220	0	0	2,385,991
Wisconsin	10,915,992	21,840	0	0	10,937,831
MIDWEST AREA	88,324,780	205,105	0	0	88,529,885
Alabama	4,773,857	-1,803	0	0	4,772,054
Arkansas	2,408,961	4,887	0	0	2,413,848
Florida	1,553,433	-1,133	0	0	1,552,300
Georgia	6,293,244	6,695	0	0	6,299,939
Kentucky	4,205,057	-4,114	0	0	4,200,942
Louisiana	1,474,315	0	0	0	1,474,315
Mississippi	6,080,305	-11,039	0	0	6,069,266
North Carolina	1,738,116	-995	0	0	1,737,121
Puerto Rico	9,060	0	0	0	9,060
South Carolina	2,493,661	2,726	0	0	2,496,387
Tennessee	4,699,187	-1,704	0	0	4,697,483
Virgin Islands	0	0	0	0	0
Virginia	1,101,088	-2,904	0	0	1,098,184
SOUTHEAST AREA	36,830,283	-9,383	0	0	36,820,899
Alaska	264,450	0	0	0	264,450
Idaho	7,812,106	50,333	0	0	7,862,440
Montana	38,291,016	75,149	0	0	38,366,165
Nebraska	16,439,737	71,382	0	0	16,511,119
North Dakota	34,975,103	134,809	0	0	35,109,912
Oregon	4,740,938	42,595	0	0	4,783,533
South Dakota	18,170,709	75,317	0	0	18,246,026
Washington	14,742,345	138,413	0	0	14,880,758
Wyoming	3,681,643	18,515	0	0	3,700,158
NORTHWEST AREA	139,118,046	606,514	0	0	139,724,560
Arizona	1,312	0	0	0	1,312
California	1,566,511	1,656	0	0	1,568,167
Colorado	13,327,348	29,838	0	0	13,357,186
Hawaii	0	0	0	0	0
Kansas	54,667,885	78,446	0	0	54,746,331
Nevada	71,060	0	0	0	71,060
New Mexico	1,512,674	3,053	0	0	1,515,727
Oklahoma	15,472,240	61,434	0	0	15,533,675
Texas	41,699,737	93,913	0	0	41,793,651
Utah	1,794,480	30,010	0	0	1,824,489
SOUTHWEST AREA	130,113,248	298,350	0	0	130,411,598
TOTAL AREAS	397,466,367	1,091,588	0	0	398,557,955
SCS T/A	0	0	746,554	0	746,554
FS T/A	0	0	0	0	0
undistributed	0	0	0	0	0
TOTAL PROGRAM	397,466,367	1,091,588	746,554	0	399,304,509

Crop Year 1989 Conservation Reserve Program
Fiscal Year 1993 National Summary
As of 9-30-93

Table 3
Page 7

State	No. Farms & Contracts	Acres Accepted	Contract Amount		Total
			Annual Rental	Estimated Cost-Share	
Connecticut	0	0	0	0	0
Delaware	7	413	30,026	21,554	51,580
Maine	193	7,292	364,065	280,107	644,172
Maryland	205	5,132	385,811	223,674	609,485
Massachusetts	3	7	345	145	490
New Hampshire	0	0	0	0	0
New Jersey	5	132	6,314	8,389	14,703
New York	248	9,052	518,397	232,788	751,185
Pennsylvania	509	20,515	1,410,994	487,197	1,898,191
Rhode Island	0	0	0	0	0
Vermont	1	3	155	103	258
West Virginia	6	78	4,090	1,781	5,871
NORTHEAST AREA	1,177	42,624	2,720,197	1,255,738	3,975,935
Illinois	3,662	145,948	11,775,554	3,544,543	15,320,097
Indiana	2,492	93,289	7,544,248	2,948,814	10,493,062
Iowa	5,565	282,883	26,329,913	6,543,209	32,873,122
Michigan	1,204	44,665	2,677,255	592,095	3,269,350
Minnesota	3,427	220,812	11,724,704	4,359,044	16,083,748
Missouri	2,671	155,044	9,990,373	3,116,708	13,107,081
Ohio	1,392	57,520	4,360,889	1,388,881	5,749,770
Wisconsin	3,186	107,548	7,460,115	1,382,361	8,842,476
MIDWEST AREA	23,599	1,107,709	81,863,051	23,875,655	105,738,706
Alabama	1,556	72,993	3,253,025	1,885,089	5,138,114
Arkansas	643	48,964	2,430,910	1,167,726	3,598,636
Florida	440	24,479	1,038,238	423,389	1,461,627
Georgia	3,094	159,959	7,107,398	3,363,555	10,470,953
Kentucky	793	40,258	2,435,548	800,821	3,236,369
Louisiana	361	27,642	1,236,970	579,157	1,816,127
Mississippi	1,971	105,212	4,650,388	1,808,721	6,459,109
North Carolina	1,292	23,058	1,074,670	488,806	1,563,476
Puerto Rico	1	60	3,600	1,725	5,325
South Carolina	1,219	47,454	2,106,623	795,868	2,902,491
Tennessee	1,424	57,468	3,038,456	16,739,897	19,778,353
Virgin Islands	0	0	0	0	0
Virginia	673	16,498	961,354	370,806	1,332,160
SOUTHEAST AREA	13,467	624,045	29,337,180	28,425,560	57,762,740
Alaska	1	138	4,833	4,368	9,201
Idaho	468	93,116	4,410,084	2,070,175	6,480,259
Montana	1,567	521,287	19,825,010	6,826,788	26,651,798
Nebraska	2,326	191,269	10,920,906	3,602,317	14,523,223
North Dakota	5,003	794,086	30,476,657	14,897,940	45,374,597
Oregon	151	22,192	1,115,443	468,824	1,584,267
South Dakota	3,082	503,290	20,912,896	7,413,245	28,326,141
Washington	438	73,708	3,818,395	1,760,078	5,578,473
Wyoming	79	22,401	875,148	338,210	1,213,358
NORTHWEST AREA	13,115	2,221,487	92,359,372	37,381,945	129,741,317
Arizona	0	0	0	0	0
California	67	18,940	943,097	173,395	1,116,492
Colorado	610	158,965	6,781,046	4,676,355	11,457,401
Hawaii	0	0	0	0	0
Kansas	5,362	427,889	22,933,802	11,333,542	34,267,344
Nevada	2	324	12,960	3,682	16,642
New Mexico	62	14,880	589,330	321,002	910,332
Oklahoma	1,287	148,640	6,448,618	2,964,039	9,412,657
Texas	3,107	575,591	23,010,433	16,739,897	39,750,330
Utah	95	13,555	546,335	186,192	732,527
SOUTHWEST AREA	10,592	1,358,784	61,265,621	36,398,104	97,663,725
TOTAL AREAS	61,950	5,354,649	267,545,421	127,337,002	394,882,423
SCS T/A	0	0	0	0	0
FS T/A	0	0	0	0	0
undistributed	0	0	0	0	0
TOTAL PROGRAM	61,950	5,354,649	267,545,421	127,337,002	394,882,423

Crop Year 1989 Conservation Reserve Program
Fiscal Year 1993 National Summary
As of 9-30-93

Table 3
Page 8

	Payments				
			Technical	Liq.	
State	Cash Rental	Cost-Share	Assistance	Payments	Total
Connecticut	0	0	0	0	0
Delaware	29,892	0	0	0	29,892
Maine	323,736	0	0	0	323,736
Maryland	360,629	-477	0	0	360,152
Massachusetts	345	0	0	0	345
New Hampshire	0	0	0	0	0
New Jersey	6,312	285	0	0	6,597
New York	465,870	-700	0	0	465,170
Pennsylvania	1,292,176	5,033	0	0	1,297,209
Rhode Island	0	0	0	0	0
Vermont	0	0	0	0	0
West Virginia	3,415	0	0	0	3,415
NORTHEAST AREA	2,482,375	4,141	0	0	2,486,516
Illinois	11,232,500	47,837	0	0	11,280,337
Indiana	7,523,708	23,368	0	0	7,547,077
Iowa	26,140,247	18,988	0	0	26,159,235
Michigan	2,803,608	1,294	0	0	2,804,901
Minnesota	10,357,060	20,886	0	0	10,377,946
Missouri	9,648,579	31,185	0	0	9,679,764
Ohio	4,233,918	22,363	0	0	4,256,281
Wisconsin	6,872,135	29,478	0	0	6,901,613
MIDWEST AREA	78,811,754	195,400	0	0	79,007,154
Alabama	3,160,520	7,784	0	0	3,168,304
Arkansas	2,184,888	16,696	0	0	2,201,584
Florida	953,438	37,178	0	0	990,616
Georgia	5,367,691	7,868	0	0	5,375,559
Kentucky	2,235,783	-692	0	0	2,235,091
Louisiana	1,263,648	22,387	0	0	1,286,035
Mississippi	4,461,609	28,791	0	0	4,490,400
North Carolina	992,068	-3,947	0	0	988,121
Puerto Rico	3,600	0	0	0	3,600
South Carolina	2,037,889	5,491	0	0	2,043,380
Tennessee	2,852,245	-87	0	0	2,852,158
Virgin Islands	0	0	0	0	0
Virginia	889,690	-788	0	0	888,902
SOUTHEAST AREA	26,403,068	120,682	0	0	26,523,750
Alaska	7,572	0	0	0	7,572
Idaho	3,918,154	57,910	0	0	3,976,064
Montana	19,245,201	72,311	0	0	19,317,513
Nebraska	10,341,156	74,356	0	0	10,415,513
North Dakota	25,206,268	174,487	0	0	25,380,754
Oregon	1,148,981	17,602	0	0	1,166,583
South Dakota	16,431,233	77,317	0	0	16,508,551
Washington	3,690,426	80,977	0	0	3,771,403
Wyoming	849,939	3,075	0	0	853,014
NORTHWEST AREA	80,838,931	558,036	0	0	81,396,967
Arizona	0	0	0	0	0
California	893,457	2,158	0	0	895,615
Colorado	6,452,602	29,560	0	0	6,482,162
Hawaii	0	0	0	0	0
Kansas	22,063,189	64,553	0	0	22,127,742
Nevada	12,960	0	0	0	12,960
New Mexico	591,703	10,261	0	0	601,964
Oklahoma	6,178,963	23,243	0	0	6,202,206
Texas	22,240,151	127,815	0	0	22,367,966
Utah	529,530	9,130	0	0	538,660
SOUTHWEST AREA	58,962,556	266,719	0	0	59,229,275
TOTAL AREAS	247,498,684	1,144,978	0	0	248,643,662
SCS T/A	0	0	456,523	0	456,523
FS T/A	0	0	0	0	0
undistributed	0	0	0	0	0
TOTAL PROGRAM	247,498,684	1,144,978	456,523	0	249,100,186

Crop Year 1990 Conservation Reserve Program
Fiscal Year 1993 National Summary
As of 9-30-93

Table 3
Page 9

State	No. Farms A Contracts	Acres Accepted	Contract Amount		Total
			Annual Rental	Estimated Cost-Share	
Connecticut	0	119	0	0	0
Delaware	6	1,426	9,216	4,230	13,446
Maine	28	4,246	71,297	48,115	119,412
Maryland	109	0	352,423	184,052	536,475
Massachusetts	0	0	0	0	0
New Hampshire	0	0	0	0	0
New Jersey	7	165	9,798	4,532	14,330
New York	88	3,463	195,290	109,680	304,970
Pennsylvania	270	12,095	850,840	280,893	1,131,733
Rhode Island	0	0	0	0	0
Vermont	0	0	0	0	0
West Virginia	2	14	858	175	1,033
NORTHEAST AREA	510	21,528	1,489,722	631,677	2,121,399
Illinois	2,300	98,025	8,518,597	2,823,477	11,342,074
Indiana	1,213	54,209	4,435,556	1,991,416	6,426,972
Iowa	3,645	194,318	18,539,239	5,304,574	23,843,813
Michigan	575	24,505	1,584,029	362,216	1,946,245
Minnesota	1,914	125,970	6,783,306	2,912,583	9,695,889
Missouri	1,146	73,439	4,754,359	1,716,611	6,470,970
Ohio	1,035	48,932	3,873,159	1,485,455	5,358,614
Wisconsin	2,493	89,947	6,220,411	1,243,293	7,463,704
MIDWEST AREA	14,321	709,345	54,708,656	17,839,625	72,548,281
Alabama	390	19,664	880,991	662,814	1,543,805
Arkansas	283	28,879	1,437,576	820,201	2,257,777
Florida	181	10,175	448,332	238,286	686,618
Georgia	1,161	63,779	2,861,358	1,797,780	4,659,138
Kentucky	333	18,673	1,134,516	474,929	1,609,445
Louisiana	180	25,085	1,125,582	658,818	1,784,400
Mississippi	966	79,078	3,528,092	1,868,415	5,396,507
North Carolina	458	11,229	529,378	305,385	834,763
Puerto Rico	0	0	0	0	0
South Carolina	569	23,407	1,046,992	496,355	1,543,347
Tennessee	461	23,670	1,275,601	727,236	2,002,837
Virgin Islands	0	0	0	0	0
Virginia	236	7,535	465,851	216,402	682,253
SOUTHEAST AREA	5,218	311,174	14,734,269	8,266,621	23,000,890
Alaska	4	674	24,675	44,590	69,265
Idaho	250	45,789	2,211,753	1,086,065	3,297,818
Montana	896	335,045	12,598,388	5,145,929	17,744,317
Nebraska	1,621	146,834	8,408,833	3,475,289	11,884,122
North Dakota	3,813	727,385	28,380,904	15,374,471	43,755,375
Oregon	50	7,877	400,384	186,676	587,060
South Dakota	3,308	691,756	30,532,964	11,626,277	42,159,241
Washington	273	80,367	4,094,330	2,250,836	6,345,166
Wyoming	79	25,658	962,148	321,014	1,283,162
NORTHWEST AREA	10,294	2,061,385	87,614,379	39,511,147	127,125,526
Arizona	0	0	0	0	0
California	22	7,280	363,398	28,257	391,655
Colorado	587	160,278	6,948,451	5,474,226	12,422,677
Hawaii	0	0	0	0	0
Kansas	4,496	401,168	21,738,897	13,018,831	34,757,728
Nevada	3	727	29,080	13,125	42,205
New Mexico	11	2,383	94,954	73,194	168,148
Oklahoma	881	117,028	5,041,177	2,780,066	7,821,243
Texas	1,617	303,611	12,140,447	10,258,914	22,399,361
Utah	21	2,866	117,319	50,317	167,636
SOUTHWEST AREA	7,638	995,341	46,473,723	31,696,930	78,170,653
TOTAL AREAS	37,981	4,098,773	205,020,749	97,946,000	302,966,749
SCS T/A	0	0	0	0	0
FS T/A	0	0	0	0	0
undistributed	0	0	0	0	0
TOTAL PROGRAM	37,981	4,098,773	205,020,749	97,946,000	302,966,749

Crop Year 1990 Conservation Reserve Program
Fiscal Year 1993 National Summary
As of 9-30-93

Table 3
Page 10

State	Payments				Total
	Cash Rental	Cost-Share	Technical Assistance	Liq. Payments	
Connecticut	0	0	0	0	0
Delaware	9,217	0	0	0	9,217
Maine	70,994	405	0	0	71,399
Maryland	348,345	0	0	0	348,345
Massachusetts	0	0	0	0	0
New Hampshire	0	0	0	0	0
New Jersey	9,798	0	0	0	9,798
New York	172,439	1,391	0	0	173,830
Pennsylvania	811,510	813	0	0	812,323
Rhode Island	0	0	0	0	0
Vermont	0	0	0	0	0
West Virginia	858	0	0	0	858
NORTHEAST AREA	1,423,161	2,609	0	0	1,425,770
Illinois	8,003,677	49,278	0	0	8,052,955
Indiana	4,304,159	11,331	0	0	4,315,490
Iowa	17,722,621	19,724	0	0	17,742,345
Michigan	1,546,312	1,553	0	0	1,547,865
Minnesota	5,680,102	27,499	0	0	5,707,601
Missouri	4,569,645	22,446	0	0	4,592,091
Ohio	3,761,013	16,491	0	0	3,777,505
Wisconsin	5,731,337	8,221	0	0	5,739,558
MIDWEST AREA	51,318,865	156,543	0	0	51,475,408
Alabama	813,274	6,317	0	0	819,591
Arkansas	1,381,421	91,770	0	0	1,473,191
Florida	443,302	0	0	0	443,302
Georgia	2,441,692	6,015	0	0	2,447,707
Kentucky	1,092,401	-1,062	0	0	1,091,339
Louisiana	1,146,684	30,328	0	0	1,177,012
Mississippi	3,334,887	14,050	0	0	3,348,938
North Carolina	531,968	2,344	0	0	534,312
Puerto Rico	0	797	0	0	797
South Carolina	975,858	9,218	0	0	985,076
Tennessee	1,198,765	2,301	0	0	1,201,066
Virgin Islands	0	0	0	0	0
Virginia	440,289	2,804	0	0	443,093
SOUTHEAST AREA	13,800,540	164,883	0	0	13,965,423
Alaska	0	0	0	0	0
Idaho	2,150,080	17,863	0	0	2,167,943
Montana	12,626,563	10,534	0	0	12,637,096
Nebraska	8,101,126	-7,996	0	0	8,093,129
North Dakota	21,749,519	139,120	0	0	21,888,639
Oregon	442,742	2,138	0	0	444,880
South Dakota	19,005,996	106,351	0	0	19,112,348
Washington	4,010,175	51,618	0	0	4,061,793
Wyoming	918,851	18,036	0	0	936,887
NORTHWEST AREA	69,005,052	337,663	0	0	69,342,715
Arizona	0	0	0	0	0
California	335,267	0	0	0	335,267
Colorado	6,782,614	40,549	0	0	6,823,163
Hawaii	0	0	0	0	0
Kansas	21,473,035	112,574	0	0	21,585,610
Nevada	41,688	0	0	0	41,688
New Mexico	124,419	556	0	0	124,975
Oklahoma	4,961,454	25,672	0	0	4,987,126
Texas	11,712,162	119,691	0	0	11,831,852
Utah	107,928	0	0	0	107,928
SOUTHWEST AREA	45,538,566	299,043	0	0	45,837,609
TOTAL AREAS	181,086,184	960,741	0	0	182,046,925
SCS T/A	0	0	349,451	0	349,451
FS T/A	0	0	0	0	0
undistributed	0	0	0	0	0
TOTAL PROGRAM	181,086,184	960,741	349,451	0	182,396,375

Crop Year 1991 Conservation Reserve Program
Fiscal Year 1993 National Summary
As of 9-30-93

Table 3
Page 11

State	No. Farms & Contracts	Acres Accepted	Contract Amount		Total
			Annual Rental	Estimated Cost-Share	
Connecticut	0	0	0	0	0
Delaware	1	11	650	363	1,013
Maine	9	278	13,833	9,174	23,007
Maryland	61	1,575	117,647	51,975	169,622
Massachusetts	0	0	0	0	0
New Hampshire	0	0	0	0	0
New Jersey	0	0	0	0	0
New York	57	3,038	130,079	100,254	230,333
Pennsylvania	60	1,952	112,123	64,416	176,539
Rhode Island	0	0	0	0	0
Vermont	0	0	0	0	0
West Virginia	0	0	0	0	0
NORTHEAST AREA	188	6,854	374,332	226,182	600,514
Illinois	863	28,403	2,123,789	937,299	3,061,088
Indiana	476	14,917	1,132,028	492,261	1,624,289
Iowa	929	37,222	3,085,669	1,228,326	4,313,995
Michigan	414	17,792	1,007,401	587,136	1,594,537
Minnesota	418	20,230	966,025	667,590	1,633,615
Missouri	521	32,867	2,053,103	1,084,611	3,137,714
Ohio	504	19,267	1,370,074	635,811	2,005,885
Wisconsin	978	31,770	1,934,025	1,048,410	2,982,435
MIDWEST AREA	5,103	202,468	13,672,114	6,681,444	20,353,558
Alabama	343	16,487	731,214	544,071	1,275,285
Arkansas	103	9,144	431,194	301,752	732,946
Florida	66	2,338	95,989	77,154	173,143
Georgia	237	11,395	492,071	376,035	868,106
Kentucky	161	6,761	395,201	223,113	618,314
Louisiana	74	4,782	206,957	157,806	364,763
Mississippi	548	33,070	1,450,514	1,091,310	2,541,824
North Carolina	168	3,103	137,626	102,399	240,025
Puerto Rico	1	15	1,125	495	1,620
South Carolina	77	2,563	100,304	84,579	184,883
Tennessee	280	10,856	550,071	358,248	908,319
Virgin Islands	0	0	0	0	0
Virginia	80	1,399	77,999	46,167	124,166
SOUTHEAST AREA	2,138	101,913	4,670,265	3,363,129	8,033,394
Alaska	1	647	23,893	21,351	45,244
Idaho	82	19,551	880,124	645,183	1,525,307
Montana	132	49,167	1,736,240	1,622,511	3,358,751
Nebraska	290	10,521	645,647	347,193	992,840
North Dakota	83	13,799	463,578	455,367	918,945
Oregon	10	2,736	125,063	90,288	215,351
South Dakota	88	4,210	162,421	138,930	301,351
Washington	60	8,236	429,393	271,788	701,181
Wyoming	0	0	0	0	0
NORTHWEST AREA	746	108,867	4,466,359	3,592,611	8,058,970
Arizona	0	0	0	0	0
California	0	0	0	0	0
Colorado	16	1,556	56,718	51,348	108,066
Hawaii	0	0	0	0	0
Kansas	135	8,812	459,392	290,796	750,188
Nevada	0	0	0	0	0
New Mexico	1	29	941	957	1,898
Oklahoma	49	5,647	237,958	186,351	424,309
Texas	225	39,029	1,561,467	1,287,957	2,849,424
Utah	0	0	0	0	0
SOUTHWEST AREA	426	55,073	2,316,476	1,817,409	4,133,885
TOTAL AREAS	8,601	475,175	25,499,546	15,680,775	41,180,321
SCS T/A	0	0	0	0	0
FS T/A	0	0	0	0	0
undistributed	0	0	0	0	0
TOTAL PROGRAM	8,601	475,175	25,499,546	15,680,775	41,180,321

Crop Year 1991 Conservation Reserve Program
Fiscal Year 1993 National Summary
As of 9-30-93

Table 3
Page 12

State	Payments				Total
	Cash Rental	Cost-Share	Technical Assistance	Liq. Payments	
Connecticut	0	0	0	0	0
Delaware	650	0	0	0	650
Maine	11,782	0	0	0	11,782
Maryland	115,589	25,560	0	0	141,149
Massachusetts	0	0	0	0	0
New Hampshire	0	0	0	0	0
New Jersey	0	0	0	0	0
New York	123,893	1,054	0	0	124,946
Pennsylvania	114,131	515	0	0	114,646
Rhode Island	0	0	0	0	0
Vermont	0	0	0	0	0
West Virginia	0	0	0	0	0
NORTHEAST AREA	366,045	27,129	0	0	393,173
Illinois	2,082,248	74,570	3,957	0	2,160,775
Indiana	1,115,873	44,043	0	0	1,159,917
Iowa	2,932,559	41,660	1,334	0	2,975,552
Michigan	1,067,134	18,818	0	0	1,085,952
Minnesota	928,287	29,723	1,000	0	959,010
Missouri	2,041,695	113,929	0	0	2,155,624
Ohio	1,387,592	46,079	0	0	1,433,671
Wisconsin	1,853,457	106,617	371	0	1,960,444
MIDWEST AREA	13,408,845	475,439	6,662	0	13,890,946
Alabama	717,241	29,334	0	0	746,575
Arkansas	447,897	17,533	0	0	465,430
Florida	95,554	2,160	0	0	97,714
Georgia	481,167	30,562	0	0	511,729
Kentucky	433,439	1,919	0	0	435,358
Louisiana	205,368	36,799	350	0	242,517
Mississippi	1,398,828	62,795	0	0	1,461,622
North Carolina	132,484	109	0	0	132,592
Puerto Rico	1,125	735	0	0	1,860
South Carolina	100,015	14,990	0	0	115,005
Tennessee	535,678	14,066	0	0	549,744
Virgin Islands	0	0	0	0	0
Virginia	77,859	2,333	0	0	80,192
SOUTHEAST AREA	4,626,654	213,334	350	0	4,840,338
Alaska	30,893	0	0	0	30,893
Idaho	872,930	14,812	598	0	888,340
Montana	1,689,930	38,228	0	0	1,728,158
Nebraska	586,749	21,416	868	0	609,033
North Dakota	424,843	8,278	0	0	433,121
Oregon	130,270	13,088	0	0	143,358
South Dakota	149,354	11,251	-9	0	160,596
Washington	425,825	59,785	0	0	485,610
Wyoming	0	16,756	0	0	16,756
NORTHWEST AREA	4,310,793	183,614	1,458	0	4,495,864
Arizona	0	0	0	0	0
California	0	0	0	0	0
Colorado	56,308	1,041	555	0	57,904
Hawaii	47,360	0	0	0	47,360
Kansas	444,584	29,015	0	0	473,599
Nevada	0	0	0	0	0
New Mexico	921	238	0	0	1,159
Oklahoma	222,800	15,863	0	0	238,663
Texas	1,664,951	117,132	0	0	1,782,083
Utah	0	0	0	0	0
SOUTHWEST AREA	2,436,924	163,289	555	0	2,600,768
TOTAL AREAS	25,149,260	1,062,803	9,025 a/	0	26,221,088
SCS T/A	0	0	40,512	0	40,512
FS T/A	0	0	0	0	0
undistributed	0	0	0	0	0
TOTAL PROGRAM	25,149,260	1,062,803	49,537	0	26,261,601

a/ Represents technical assistance for establishment of long term easements.

Crop Year 1992 Conservation Reserve Program
Fiscal Year 1993 National Summary
As of 9-30-93

Table 3
Page 13

State	No. Farms & Contracts	Acres Accepted	Contract Amount		Total
			Annual Rental	Estimated Cost-Share	
Connecticut	0	0	0	0	0
Delaware	0	0	0	0	0
Maine	14	716	38,731	23,628	62,359
Maryland	53	1,808	147,774	59,664	207,438
Massachusetts	0	0	0	0	0
New Hampshire	0	0	0	0	0
New Jersey	0	0	0	0	0
New York	73	3,213	148,693	106,029	254,722
Pennsylvania	93	3,722	225,305	122,826	348,131
Rhode Island	0	0	0	0	0
Vermont	1	6	300	198	498
West Virginia	0	0	0	0	0
NORTHEAST AREA	234	9,465	560,803	312,345	873,148
Illinois	1,729	72,505	5,916,869	2,392,665	8,309,534
Indiana	849	40,551	3,246,658	1,338,183	4,584,841
Iowa	1,895	100,490	8,989,896	3,316,170	12,306,066
Michigan	831	41,822	2,478,661	1,380,126	3,858,787
Minnesota	737	48,487	2,569,667	1,600,071	4,169,738
Missouri	1,202	87,992	5,758,713	2,903,736	8,662,449
Ohio	1,018	51,102	4,001,611	1,686,366	5,687,977
Wisconsin	1,434	56,459	3,507,944	1,863,147	5,371,091
MIDWEST AREA	9,695	499,408	36,470,019	16,480,464	52,950,483
Alabama	276	14,601	668,292	481,833	1,150,125
Arkansas	156	11,462	540,985	378,246	919,231
Florida	70	3,971	161,512	131,043	292,555
Georgia	276	14,476	616,586	477,708	1,094,294
Kentucky	189	10,659	671,311	351,747	1,023,058
Louisiana	67	4,524	207,104	149,292	356,396
Mississippi	542	40,103	1,876,984	1,323,399	3,200,383
North Carolina	182	5,621	254,832	185,493	440,325
Puerto Rico	0	0	0	0	0
South Carolina	113	4,042	159,742	133,386	293,128
Tennessee	327	18,028	940,218	594,924	1,535,142
Virgin Islands	0	0	0	0	0
Virginia	84	1,886	100,489	62,238	162,727
SOUTHEAST AREA	2,282	129,373	6,198,055	4,269,309	10,467,364
Alaska	0	0	0	0	0
Idaho	175	35,521	1,764,721	1,172,193	2,936,914
Montana	109	45,731	1,535,644	1,509,123	3,044,767
Nebraska	380	36,301	2,036,763	1,197,933	3,234,696
North Dakota	146	18,990	636,640	626,670	1,263,310
Oregon	28	8,126	395,531	268,158	663,689
South Dakota	125	10,828	440,294	357,324	797,618
Washington	171	33,563	1,890,086	1,107,579	2,997,665
Wyoming	0	0	0	0	0
NORTHWEST AREA	1,134	189,060	8,699,679	6,238,980	14,938,659
Arizona	0	0	0	0	0
California	15	4,068	197,178	134,244	331,422
Colorado	51	14,157	517,226	467,181	984,407
Hawaii	0	0	0	0	0
Kansas	574	40,867	2,187,921	1,348,611	3,536,532
Nevada	0	0	0	0	0
New Mexico	3	1,881	63,300	62,073	125,373
Oklahoma	194	22,102	941,575	729,366	1,670,941
Texas	540	86,577	3,387,896	2,856,942	6,244,838
Utah	8	1,253	40,975	41,349	82,324
SOUTHWEST AREA	1,385	170,905	7,336,071	5,639,766	12,975,837
TOTAL AREAS	14,730	998,211	59,264,627	32,940,864	92,205,491
SC5 T/A	0	0	0	0	0
FS T/A	0	0	0	0	0
undistributed	0	0	0	0	0
TOTAL PROGRAM	14,730	998,211	59,264,627	32,940,864	92,205,491

Crop Year 1992 Conservation Reserve Program
Fiscal Year 1993 National Summary
As of 9-30-93

Table 3
Page 14

State	Payments				Total
	Cash Rental	Cost-Share	Technical Assistance	Liq. Payments	
Connecticut	0	0	0	0	0
Delaware	0	0	0	0	0
Maine	-3,310	0	0	0	-3,310
Maryland	143,026	24,660	0	0	167,686
Massachusetts	0	0	0	0	0
New Hampshire	0	0	0	0	0
New Jersey	0	0	0	0	0
New York	148,625	28,941	0	0	177,566
Pennsylvania	228,770	11,864	0	0	240,634
Rhode Island	0	0	0	0	0
Vermont	300	0	0	0	300
West Virginia	0	0	0	0	0
NORTHEAST AREA	517,411	65,465	0	0	582,875
Illinois	5,804,073	533,087	3,248	0	6,340,408
Indiana	3,178,895	240,791	78	0	3,419,764
Iowa	8,478,928	321,972	3,571	0	8,804,472
Michigan	2,631,791	130,052	2,558	0	2,764,400
Minnesota	2,544,184	293,064	1,927	0	2,839,175
Missouri	4,699,544	684,837	679	0	5,385,059
Ohio	3,927,880	307,932	-172	0	4,235,640
Wisconsin	1,226,946	250,868	0	0	1,477,814
MIDWEST AREA	32,492,240	2,762,603	11,888	0	35,266,732
Alabama	682,397	157,074	0	0	839,471
Arkansas	524,450	143,153	0	0	667,604
Florida	162,190	5,013	0	0	167,203
Georgia	620,899	84,100	0	0	704,999
Kentucky	654,288	51,808	0	0	706,096
Louisiana	214,841	43,928	350	0	259,119
Mississippi	1,859,293	247,838	0	0	2,107,130
North Carolina	248,924	37,997	0	0	286,920
Puerto Rico	0	0	0	0	0
South Carolina	159,595	52,619	939	0	213,152
Tennessee	900,826	286,387	0	0	1,187,212
Virgin Islands	0	0	0	0	0
Virginia	100,068	10,438	0	0	110,506
SOUTHEAST AREA	6,127,770	1,120,354	1,289	0	7,249,413
Alaska	0	0	0	0	0
Idaho	1,619,990	72,847	0	0	1,692,837
Montana	1,073,784	116,702	531	0	1,191,017
Nebraska	2,026,040	164,771	0	0	2,190,812
North Dakota	497,207	69,189	553	0	566,950
Oregon	356,089	41,336	0	0	397,425
South Dakota	-715,753	73,745	999	0	-641,009
Washington	1,888,141	316,840	0	0	2,204,981
Wyoming	-4,941	34,999	0	0	30,058
NORTHWEST AREA	6,740,559	890,429	2,083	0	7,633,070
Arizona	0	0	0	0	0
California	196,797	13,277	15,975	0	226,048
Colorado	517,171	199,173	0	0	716,344
Hawaii	0	0	0	0	0
Kansas	2,152,614	426,923	-75	0	2,579,462
Nevada	0	0	0	0	0
New Mexico	63,287	8,593	0	0	71,881
Oklahoma	936,404	126,726	485	0	1,063,615
Texas	3,463,319	645,814	0	0	4,109,134
Utah	38,023	5,372	0	0	43,395
SOUTHWEST AREA	7,367,615	1,425,879	16,385	0	8,809,878
TOTAL AREAS	53,245,595	6,264,730	31,644 a/	0	59,541,969
SCS T/A	0	0	85,105	0	85,105
FS T/A	0	0	0	0	0
undistributed	56,530	0	0	-827,371	56,530
TOTAL PROGRAM	53,302,125	6,264,730	116,749	-827,371	59,683,604

a/ Represents technical assistance for establishment of long term easements.

Crop Year 1993 Conservation Reserve Program
Fiscal Year 1993 National Summary
As of 9-30-93

Table 3
Page 15

State	No. Farms & Contracts	Acres Accepted	Contract Amount		Total
			Annual Rental	Estimated Cost-Share	
Connecticut	0	0	0	0	0
Delaware	0	0	0	0	0
Maine	7	273	14,056	9,009	23,065
Maryland	43	950	75,639	31,350	106,989
Massachusetts	0	0	0	0	0
New Hampshire	0	0	0	0	0
New Jersey	2	62	2,849	2,046	4,895
New York	99	3,640	164,924	120,120	285,044
Pennsylvania	79	2,939	169,528	96,987	266,515
Rhode Island	0	0	0	0	0
Vermont	0	0	0	0	0
West Virginia	1	8	410	264	674
NORTHEAST AREA	231	7,872	427,406	259,776	687,182
Illinois	2,183	77,438	6,811,394	2,555,454	9,366,848
Indiana	1,092	42,451	3,525,455	1,400,883	4,926,338
Iowa	2,177	116,963	11,469,528	3,859,779	15,329,307
Michigan	1,864	76,934	4,606,278	2,538,822	7,145,100
Minnesota	669	29,565	1,778,754	975,645	2,754,399
Missouri	1,524	101,563	7,099,150	3,351,579	10,450,729
Ohio	1,150	52,590	4,270,599	1,735,470	6,006,069
Wisconsin	1,528	54,241	3,582,238	1,789,953	5,372,191
MIDWEST AREA	12,187	551,745	43,143,396	18,207,585	61,350,981
Alabama	451	22,573	1,078,376	744,909	1,823,285
Arkansas	222	14,046	652,035	463,518	1,115,553
Florida	133	5,538	211,795	182,754	394,549
Georgia	411	17,431	781,500	575,223	1,356,723
Kentucky	355	17,098	1,137,398	564,234	1,701,632
Louisiana	73	4,358	205,613	143,814	349,427
Mississippi	647	41,755	2,026,355	1,377,915	3,404,270
North Carolina	256	5,243	234,912	173,019	407,931
Puerto Rico	0	0	0	0	0
South Carolina	193	5,952	223,588	196,416	420,004
Tennessee	414	17,388	947,093	573,804	1,520,897
Virgin Islands	0	0	0	0	0
Virginia	108	2,333	112,679	76,989	189,668
SOUTHEAST AREA	3,263	153,715	7,611,344	5,072,595	12,683,939
Alaska	0	0	0	0	0
Idaho	213	30,926	1,489,049	1,020,558	2,509,607
Montana	181	39,276	1,060,199	1,296,108	2,356,307
Nebraska	456	29,672	1,885,105	979,176	2,864,281
North Dakota	119	10,581	343,818	349,173	692,991
Oregon	31	2,754	136,628	90,882	227,510
South Dakota	147	20,660	547,061	681,780	1,228,841
Washington	256	29,909	1,704,096	986,997	2,691,093
Wyoming	2	201	6,610	6,633	13,243
NORTHWEST AREA	1,405	163,979	7,172,566	5,411,307	12,583,873
Arizona	0	0	0	0	0
California	3	377	16,495	12,441	28,936
Colorado	57	9,636	338,699	317,988	656,687
Hawaii	0	0	0	0	0
Kansas	484	26,397	1,391,679	871,101	2,262,780
Nevada	0	0	0	0	0
New Mexico	3	506	15,872	16,698	32,570
Oklahoma	113	9,305	392,477	307,065	699,542
Texas	729	103,504	4,178,942	3,415,632	7,594,574
Utah	7	407	16,200	13,431	29,631
SOUTHWEST AREA	1,396	150,132	6,350,364	4,954,356	11,304,720
TOTAL AREAS	18,482	1,027,443	64,705,076	33,905,619	98,610,695
SCS T/A	0	0	0	0	0
FS T/A	0	0	0	0	0
undistributed	0	0	0	0	0
TOTAL PROGRAM	18,482	1,027,443	64,705,076	33,905,619	98,610,695

Crop Year 1993 Conservation Reserve Program
Fiscal Year 1993 National Summary
As of 9-30-93

Table 3
Page 16

State	Payments				Total
	Cash Rental	Cost-Share	Technical Assistance	Liq. Payments	
Connecticut	0	0	0	0	0
Delaware	0	0	0	0	0
Maine	0	0	0	0	0
Maryland	0	60,366	0	0	60,366
Massachusetts	0	0	0	0	0
New Hampshire	0	0	0	0	0
New Jersey	0	4,280	0	0	4,280
New York	0	48,618	0	0	48,618
Pennsylvania	0	20,538	0	0	20,538
Rhode Island	0	0	0	0	0
Vermont	0	0	0	0	0
West Virginia	0	0	0	0	0
NORTHEAST AREA	0	133,802	0	0	133,802
Illinois	0	1,578,499	0	0	1,578,499
Indiana	0	1,276,955	0	0	1,276,955
Iowa	0	2,172,098	0	0	2,172,098
Michigan	0	1,041,338	0	0	1,041,338
Minnesota	0	581,883	0	0	581,883
Missouri	0	1,290,276	0	0	1,290,276
Ohio	0	1,654,694	0	0	1,654,694
Wisconsin	0	971,464	0	0	971,464
MIDWEST AREA	0	10,567,207	0	0	10,567,207
Alabama	0	656,724	0	0	656,724
Arkansas	0	469,808	0	0	469,808
Florida	0	180,096	0	0	180,096
Georgia	0	541,674	0	0	541,674
Kentucky	0	337,707	0	0	337,707
Louisiana	0	131,083	0	0	131,083
Mississippi	0	1,194,958	0	0	1,194,958
North Carolina	0	165,805	0	0	165,805
Puerto Rico	0	0	0	0	0
South Carolina	0	151,273	0	0	151,273
Tennessee	0	522,557	0	0	522,557
Virgin Islands	0	0	0	0	0
Virginia	0	37,534	0	0	37,534
SOUTHEAST AREA	0	4,389,218	0	0	4,389,218
Alaska	0	0	0	0	0
Idaho	0	606,472	0	0	606,472
Montana	0	439,592	0	0	439,592
Nabaska	0	499,986	0	0	499,986
North Dakota	0	150,281	0	0	150,281
Oregon	0	112,109	0	0	112,109
South Dakota	0	237,260	0	0	237,260
Washington	0	575,445	0	0	575,445
Wyoming	0	11,307	0	0	11,307
NORTHWEST AREA	0	2,632,452	0	0	2,632,452
Arizona	0	0	0	0	0
California	0	2,645	0	0	2,645
Colorado	0	114,392	0	0	114,392
Hawaii	0	0	0	0	0
Kansas	0	331,857	0	0	331,857
Nevada	0	0	0	0	0
New Mexico	0	8,260	0	0	8,260
Oklahoma	0	152,645	0	0	152,645
Texas	0	1,478,359	0	0	1,478,359
Utah	0	8,185	0	0	8,185
SOUTHWEST AREA	0	2,096,342	0	0	2,096,342
TOTAL AREAS	0	19,819,021	0	0	19,819,021
SCS T/A	0	0	2,147,741	0	2,147,741
FS T/A	0	0	1,142,186	0	1,142,186
undistributed	0	0	0	0	0
TOTAL PROGRAM	0	19,819,021	3,289,927	0	23,108,948

Acres Enrolled, Base Acres Reduction, Tree Acres, and Erosion Reduced
National Summary Through Fiscal Year 1993

Table 4

State	Acres Enrolled	Base Acres Reduction	Tree Acres	Erosion Reduction (TONS/YEAR)
Connecticut	129	10	10	120
Delaware	2,302	612	173	7,827
Maine	41,309	6,671	2,567	268,897
Maryland	16,144	10,855	1,852	184,297
Massachusetts	32	21	10	222
New Hampshire	165	0	0	0
New Jersey	4,020	185	27	11,325
New York	73,129	25,872	3,626	741,396
Pennsylvania	88,983	39,597	2,239	1,632,138
Rhode Island	0	0	0	0
Vermont	207	17	0	2,479
West Virginia	603	255	32	6,541
NORTHEAST AREA	227,023	84,095	10,536	2,855,242
Illinois	811,927	478,446	35,579	15,945,270
Indiana	462,648	258,979	18,065	7,015,753
Iowa	2,224,833	1,373,831	15,957	40,694,095
Michigan	332,853	185,971	17,341	3,260,489
Minnesota	1,928,954	1,293,386	51,966	32,599,924
Missouri	1,726,836	836,823	20,919	32,085,949
Ohio	377,088	188,767	12,448	3,945,752
Wisconsin	746,529	365,820	66,277	9,649,654
MIDWEST AREA	8,611,668	4,982,023	238,552	145,196,886
Alabama	573,190	226,332	311,130	10,014,391
Arkansas	260,006	132,535	150,862	3,583,531
Florida	134,860	50,506	122,967	2,018,829
Georgia	706,458	379,652	645,931	8,834,344
Kentucky	451,317	241,479	3,877	15,041,810
Louisiana	146,572	58,115	79,242	1,707,882
Mississippi	841,826	299,402	514,799	16,814,431
North Carolina	151,006	70,570	88,504	2,474,608
Puerto Rico	455	0	34	16,076
South Carolina	278,070	134,270	217,536	3,532,489
Tennessee	475,624	226,760	30,276	10,786,233
Virgin Islands	0	0	0	0
Virginia	79,556	38,235	29,712	1,377,969
SOUTHEAST AREA	4,098,940	1,857,856	2,194,870	76,202,593
Alaska	26,022	16,509	0	124,602
Idaho	877,059	559,679	2,836	14,011,351
Montana	2,854,307	1,848,192	1,237	37,238,799
Nebraska	1,425,424	935,619	4,183	31,790,965
North Dakota	3,180,574	2,118,042	1,313	45,842,990
Oregon	530,766	451,571	3,215	5,905,385
South Dakota	2,120,254	1,428,829	1,253	22,050,638
Washington	1,047,028	644,964	1,497	14,184,226
Wyoming	257,223	125,290	8	3,361,722
NORTHWEST AREA	12,318,657	8,128,695	15,542	174,510,678
Arizona	0	0	0	0
California	187,498	96,595	1,572	2,589,598
Colorado	1,978,390	1,133,362	642	48,943,216
Hawaii	85	0	31	340
Kansas	2,937,863	2,161,688	3,067	47,796,137
Nevada	3,123	838	0	49,130
New Mexico	483,181	393,486	0	20,127,135
Oklahoma	1,192,504	957,802	1,857	27,258,836
Texas	4,150,481	3,337,781	21,074	144,704,250
Utah	233,981	120,619	0	3,828,295
SOUTHWEST AREA	11,167,106	8,202,171	28,243	295,296,937
undistributed	0	3	9	0
TOTAL PROGRAM	36,423,394	23,254,843	2,487,752	694,062,336

Table 5

Conservation Reserve Program
Acres of Commodity Base Enrolled through Fiscal Year 1993

<u>Commodity</u>	<u>Base Acres</u>
Wheat	10,833,508
Corn	4,293,242
Upland Cotton	1,432,762
Oats	1,396,788
Barley	2,833,533
Sorghum	<u>2,465,010</u>
Total Base Acres	23,254,843

DAIRY INDEMNITY PROGRAM

Appropriations Act, 1994	--
Budget Estimate, 1995	--
Change in Appropriation	--

SUMMARY OF INCREASES AND DECREASES

(On basis of appropriation)

<u>Item of Change</u>	<u>1994 Estimated</u>	<u>Program Changes</u>	<u>1995 Estimated</u>
Indemnity payments to dairy farmers and manufacturers	--	--	--

PROJECT STATEMENT

(On basis of available funds)

Project	1993 Actual	1994 Estimated	Increase or Decrease	1995 Estimated
Indemnity payments to dairy farmers and manufacturers	\$120,129	\$100,000	--	\$100,000
Unobligated balance brought forward from prior years	-821,289	-706,160	+\$100,000	-606,160
Unobligated balance carried forward to next year	<u>706,160</u>	<u>606,160</u>	<u>-100,000</u>	<u>506,160</u>
Total, Appropriation	5,000	--	--	--

NOTE: Under the Secretary's proposed reorganization plan, this account will be part of the Farm Service Agency.

EXPLANATION OF PROGRAM

The purpose of the Dairy Indemnity Program is to indemnify (1) dairy farmers and manufacturers of dairy products who, through no fault of their own, suffer income losses on milk or milk products removed from commercial markets because of certain chemical residues; and (2) dairy farmers for milk or cows when milk or dairy products are removed from commercial markets because of nuclear radiation, fallout, or other toxic substances.

Section 331 of the Economic Opportunity Act of 1964 authorized the Secretary to make indemnity payments, at fair market value, to farmers who have been directed to remove their milk from commercial markets because it contained residues of chemicals registered and approved by the Federal Government at the time of use. Original authority granted under this section terminated January 31, 1965, but the termination date has been extended 11 times. Major legislation extending and modifying the program is summarized as follows:

- The Agricultural Act of 1970, Public Law 91-524, authorized indemnity payments to manufacturers of dairy products whose products have been removed from the market because they contained residues of chemicals registered and approved by the Federal Government.
- The Agricultural and Consumer Protection Act of 1973, Public Law 93-86, extended the authority for dairy indemnity payments to June 30, 1977. The Act also authorized indemnity payments for dairy cows producing milk contaminated with pesticide residues.

- The Food and Agriculture Act of 1977, which extended the Dairy Indemnity Program to September 30, 1981, also authorized indemnity payments for milk, or cows producing milk, that must be removed from commercial markets as a result of chemical residues not previously included, nuclear radiation, or fallout.
- Use of Commodity Credit Corporation services and facilities was authorized under Public Law 99-349, the fiscal year 1986 Urgent Supplemental Appropriations Act, and under the Rural Development, Agriculture, and Related Agencies Appropriations Act, 1988. This authority has been continued under subsequent appropriation acts.
- Dairy Indemnity Program funds were made available until expended under Section 608, General Provisions, of Public Law 99-190, the Continuing Resolution for fiscal year 1986, and has been continued in subsequent appropriation acts.
- The Food, Agriculture, Conservation, and Trade Act of 1990, Public Law 101-624, extended authority for the Dairy Indemnity Program through September 30, 1995.

During fiscal year 1994, an estimated \$100,000 will be obligated for payment of claims filed by dairy producers under the program.

Dairy Indemnity Program
Geographic Breakdown of Obligations
Fiscal Year 1993 and Estimated Fiscal Years 1994 and 1995

State	1993 Actual	1994 Estimated	1995 Estimated
Arizona	\$16,783	--	--
Florida	10,963	--	--
Georgia	22,639	--	--
Illinois	3,547	--	--
Kansas	2,455	--	--
Missouri	5,862	--	--
Nebraska	12,217	--	--
Ohio	18,745	--	--
Tennessee	3,273	--	--
Texas	21,558	--	--
Wisconsin	1,587	--	--
Undistributed	500	\$100,000	\$100,000
Total, Available or Estimate	\$120,129	\$100,000	\$100,000

DAIRY INDEMNITY PROGRAM

STATUS OF PROGRAM

Current Activities: During fiscal year 1993, 27 dairy farmers in 11 States filed and received payment for claims totaling \$120,129 under the Dairy Indemnity Program. These farmers' claims resulted from losses incurred due mostly to aflatoxin contamination and various other contaminants discovered in their cattle's milk.

Payments to dairy farmers from inception of the program in fiscal year 1965 through fiscal year 1993 total \$16.5 million.

The provision for making indemnity payments to manufacturers of dairy products became effective on November 30, 1970. Since that time, 20 manufacturers have received indemnity payments totaling \$3.9 million.

The following tables show (a) payments and number of payees during fiscal years 1965 through 1993, and (b) outlays by State during fiscal year 1993.

Dairy Indemnity Program
Payments and Number of Payees
Fiscal Years 1965-1993

Fiscal Year	Payments to Dairy Farmers	Payments to Manuf. of Dairy Prod.	Total Payments	Number of Payees
1965	\$349,933	--	\$349,933	135
1966	214,459	--	214,459	60
1967	166,466	--	166,466	110
1968	264,128	--	264,128	35
1969	136,571	--	136,571	20
1970	125,520	--	125,520	35
1971	164,474	--	164,474	23
1972	46,082	\$15,500	61,582	4
1973	36,553	94,666	131,219	6
1974	144,477	31,261	175,738	21
1975	193,389	--	193,389	26
1976 a/	159,289	--	159,289	19
1977	40,284	--	40,284	8
1978	66,266	9,210	75,476	12
1979	64,267	--	64,267	13
1980	91,575	--	91,575	9
1981	42,231	--	42,231	15
1982	15,087	--	15,087	5
1983	6,121,374	--	6,121,374	18
1984	2,043,010	398,910	2,441,920	22
1985	50,070	--	50,070	5
1986	15	--	15	10
1987	4,871,724	3,361,892	8,233,616 b/	131
1988	449,543	--	449,543	4
1989	230,101	--	230,101	106
1990	112,405	--	112,405	52
1991	90,702	--	90,702	24
1992	131,651	--	131,651	51
1993	120,129	--	120,129	27
Total	\$16,541,775	\$3,911,439	\$20,453,214	1006

a/ Includes transition quarter.

b/ Includes payments totaling \$2,264,172 that were issued to producers and manufacturers in fiscal year 1986 but not reported to the National office and Treasury in time to appear as outlays in fiscal year 1986.

FY 1993 Outlays by State

State	Payments
Arizona	\$16,783
Florida	10,963
Georgia	22,639
Illinois	3,547
Kansas	2,455
Missouri	5,862
Nebraska	12,217
Ohio	18,745
Tennessee	3,273
Texas	21,558
Wisconsin	1,587
Undistributed	500
Total program net outlays	\$120,129

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

The estimates include appropriation language for this item as follows (new language underscored):

Emergency Conservation Program

For necessary expenses to carry out sections 401, 402, and 404 of title IV of the Agricultural Credit Act of 1978, \$3,000,000, to remain available until expended (16 U.S.C. 2201-05).

The requested appropriation language would provide funding for the Emergency Conservation Program in fiscal year 1995.

EMERGENCY CONSERVATION PROGRAM

Appropriations Act, 1994	--
Budget Estimate, 1995	<u>\$3,000,000</u>
Increase in Appropriation	<u>+3,000,000</u>

SUMMARY OF INCREASES AND DECREASES
(On basis of appropriation)

<u>Item of Change</u>	<u>1994 Estimated</u>	<u>Other Changes</u>	<u>1995 Estimated</u>
Emergency cost-sharing to farmers	--	<u>+\$3,000,000</u>	<u>\$3,000,000</u>
Total available	<u>--</u>	<u>+3,000,000</u>	<u>3,000,000</u>

PROJECT STATEMENT
(On basis of adjusted appropriation)

Project	1993 Actual	1994 Estimated	Increase	1995 Estimated
Emergency cost-sharing to farmers	<u>\$86,187,000</u>	--	<u>+\$3,000,000</u>	<u>\$3,000,000</u>
Total available or estimate	86,187,000	--	+3,000,000 (1)	3,000,000
Transfer from CRP	-31,367,000	--		
Transfer from FmHA	-14,800,000	--		
Transfer to SCS for technical assistance	<u>3,480,000</u>	--		
Total, Appropriation ...	43,500,000 a/	-- b/		

a/ The fiscal year 1993 total appropriation includes \$3.0 million provided by the fiscal year 1993 regular appropriation, P.L. 102-341; and \$10.5 million in contingency funding that was authorized for ECP by the Dire Emergency Supplemental Appropriations Act of 1992, P.L. 102-368, and made available after an official budget request from the President on December 30, 1992. Also, \$30.0 million was provided by the fiscal year 1993 Emergency Supplemental Appropriations Act of 1993, P.L. 103-75.

b/ Excludes proposed supplemental of \$25,000,000.

NOTE: Under the Secretary's proposed reorganization plan, this account will be part of the Natural Resources Conservation Service.

PROJECT STATEMENT
(On basis of available funds)

	1993 Actual	1994 Estimated	Increase or Decrease	1995 Estimated
Emergency cost-sharing to farmers	\$57,775,704	\$51,532,996	-\$48,532,996	\$3,000,000
Unobligated balance brought forward from prior years ..	-30,100,540	-56,013,996	+56,013,996	--
Unobligated balance expiring	4,080,658	--	--	--
Unobligated balance carried forward to next year	<u>56,013,996</u> ^{a/}	<u>---</u>	<u>---</u>	<u>---</u>
Total available or estimate ..	87,769,818	-4,481,000	+7,481,000	3,000,000
Transfer from CRP	-31,367,000 ^{b/}	--		
Transfer from FmHA	-14,800,000 ^{c/}	--		
Transfer to SCS for technical assistance ...	<u>1,897,182</u>	<u>4,481,000</u> ^{d/}		
Total, Appropriation .	43,500,000	-- ^{e/}		

a/ Primarily includes the \$30 million that was provided by the fiscal year 1993 Emergency Supplemental Appropriations for Relief from the Major, Widespread Flooding in the Midwest, P.L. 103-75, and the \$14.8 million transfer to ECP from FmHA.

b/ \$31.367 million was transferred from the Conservation Reserve Program unobligated balance to the Emergency Conservation Program, under the Secretary's 7 percent interchange authority. This additional funding was used in areas that suffered severe damage caused by Hurricanes Andrew and Iniki and Typhoon Omar during fiscal year 1992. The unobligated balance expired on September 30, 1993.

c/ \$14.8 million was transferred from funds originally made available to the Farmers Home Administration in P.L. 102-368. The Secretary was authorized to transfer these funds to ECP by P.L. 103-50 for the rehabilitation of fencing in areas destroyed or damaged in fiscal year 1992 by Hurricane Andrew.

d/ Since no appropriation was provided for ECP in fiscal year 1994, technical assistance needs are based on unobligated carryover funds.

e/ Excludes proposed supplemental of \$25,000,000.

EXPLANATION OF PROGRAM

The appropriation "Emergency Conservation Program" of the Agricultural Stabilization and Conservation Service funds the activities authorized by the Agricultural Credit Act of 1978 (P.L. 95-334). Under the program the Government shares the cost of carrying out approved practices to assist and encourage farmers to rehabilitate farmland damaged by natural disasters. Assistance is

available when, as a result of wind, floods, hurricanes or other natural disasters, new conservation problems are created which (1) if not treated, will impair or endanger the land, (2) materially affect the productive capacity of the land, (3) represent damage that is unusual in character and, except for wind erosion, is not the type that would recur frequently in the same area, and (4) will be so costly to rehabilitate that Federal assistance will be required to return the land to productive agricultural use. Also, payments may be made to agricultural producers who carry out emergency water conservation or water enhancing measures during periods of severe drought as determined by the Deputy Administrator, State and County Operations, ASCS.

Cost-sharing may be offered for emergency conservation measures only to replace or restore a practice or to restore the land to a condition similar to that existing prior to the natural disaster, and may not be offered for the solution of conservation problems existing prior to the disaster involved.

Emergency conservation measures or practices for which cost-sharing may be authorized are:

- Practice EC1. Removing debris from farmland, including farmsteads and roadways.
- Practice EC2. Grading, shaping, releveling or similar measures to restore farmland.
- Practice EC3. Restoring permanent fences.
- Practice EC4. Restoring structures and other installations.
- Practice EC5. Emergency wind erosion control measures.
- Practice EC6. Drought emergency measures
- Practice EC7. Other emergency conservation measures.

Practices EC1 through EC5 are subject to approval by the ASC county committee. Practices EC6 and EC7 additionally require prior approval by the Deputy Administrator, State and County Operations, ASCS.

In fiscal year 1994, carryover funds from fiscal year 1993 will be used, in accordance with the law, to rehabilitate fencing in areas destroyed or damaged by Hurricane Andrew and to repair damage in areas affected by the Midwest Flood. In addition, because of the extent of the Midwest flooding, an emergency supplemental request of \$25 million is proposed in fiscal year 1994 to provide additional cost-sharing assistance to eligible producers in the nine affected States. Many acres of land will need reshaping or debris removal before it can be returned to productive uses. Also, miles of farm fencing which were damaged or destroyed must be repaired or replaced to facilitate livestock utilization.

Beginning in fiscal year 1995, it is proposed that the SCS technical assistance funding formerly included in this account be appropriated directly to SCS.

JUSTIFICATION OF INCREASE

- (1) An increase of \$3,000,000 for emergency cost-sharing to farmers (no appropriation was provided for ECP in fiscal year 1994).

Need for Change. No carryover unobligated funds are expected to be available in fiscal year 1995. The \$3 million requested for fiscal year 1995 would support only a portion of the program needs in a normal year. Since it is impossible to predict future disasters, funding needs for this program cannot be accurately projected. In the event that additional needs arise in fiscal year 1995, funding will be addressed as necessary.

Nature of Change. The 1995 program will provide cost-sharing to farmers and ranchers to rehabilitate approximately 328,200 acres of farmland damaged by natural disasters.

The following tables show (a) outlays by State, fiscal year 1993 and (b) geographic breakdown of obligations for fiscal years 1993-1995.

Emergency Conservation Program
Fiscal Year 1993 Outlays by State

State	Outlays
Alabama	\$158,159
Arizona	312,263
Arkansas	20,882
California	93,862
Connecticut	12,533
Florida	15,396,991
Georgia	414,891
Hawaii	1,629,699
Idaho	667,426
Illinois	-1,816
Indiana	96,007
Iowa	183,701
Kentucky	22,696
Louisiana	830,551
Maine	210,294
Maryland	-736
Massachusetts	1,625
Michigan	38,617
Minnesota	918
Mississippi	204,837
Missouri	53,952
Montana	607,445
Nebraska	432,776
Nevada	155,384
New Mexico	21,189
New York	2,837
North Carolina	69,184
Ohio	192,053
Oklahoma	15,073
Oregon	212,886
Pennsylvania	9,727
Puerto Rico	18,464
South Carolina	703,270
South Dakota	503,661
Texas	1,908,471
Utah	5,125
Vermont	25,500
Virginia	35,279
Washington	266,872
West Virginia	23,244
Wisconsin	1,008
Undistributed	-22,313
ASCS Subtotal	\$25,534,487
SCS Technical Assistance	1,897,182
Total	\$27,431,669

Emergency Conservation Program
Geographic Breakdown of Obligations
Fiscal Year 1993 and Estimated Fiscal Years 1994 and 1995

State	1993 Actual	1994 Estimated	1995 Estimated
Alabama	\$267,343	\$13,996	--
Arizona	842,359	2,530,127	--
Arkansas	-40,042	0	--
California	244,191	880,181	--
Colorado	0	44,800	--
Connecticut	89,733	93,014	--
Florida	19,178	92,839	--
Georgia	620,211	274,719	--
Hawaii	200,880	58,948	--
Idaho	326,544	69,730	--
Illinois	212,710	117,310	--
Indiana	91,330	329,673	--
Iowa	347,699	710,317	--
Kansas	-1,385	0	--
Kentucky	39,703	4,965	--
Louisiana	-39,145	220,734	--
Maine	222,498	28,810	--
Maryland	0	40,000	--
Massachusetts	-11,027	0	--
Michigan	38,617	759	--
Minnesota	8,598	49,670	--
Mississippi	210,967	74,716	--
Missouri	76,934	649,716	--
Montana	-369,067	265,138	--
Nebraska	845,627	497,254	--
Nevada	126,575	0	--
New Mexico	7,589	53,545	--
New York	2,837	5,600	--
North Carolina	-17,021	0	--
Ohio	-37,333	232,790	--
Oklahoma	70,287	185,657	--
Oregon	-1,359	80,619	--
Pennsylvania	-641	19,432	--
Puerto Rico	-18,766	0	--
South Carolina	775,802	44,055	--
South Dakota	80,758	174,510	--
Texas	-643,773	2,457,489	--
Utah	18,565	46,685	--
Vermont	20,681	0	--
Virginia	12,404	36,321	--
Washington	-104,704	0	--
West Virginia	11,764	31,465	--
Wisconsin	-304	3,440	--
Wyoming	1,658	20,000	--
Undistributed	119,887	-3,322,028	\$3,000,000
SCS Technical Assistance	717,182	897,000	--
Subtotal	5,386,544	8,013,996	3,000,000
Hurricanes Andrew & Iniki, Typhoon Omar:			
Florida	44,847,564	0	--
Guam	78,745	0	--
Hawaii	1,992,646	0	--
Louisiana	5,737,628	0	--
Mississippi	13,087	0	--
Undistributed	436,672	0	--
SCS Technical Assistance	1,180,000	0	--
Subtotal	54,286,342	0	--
Fencing:			
Florida	0	12,000,000	--
Midwest Flood:			
Illinois	0	3,688,140	--
Iowa	0	7,139,220	--
Kansas	0	5,992,200	--
Minnesota	0	870,960	--
Missouri	0	9,475,260	--
Nebraska	0	1,558,200	--
North Dakota	0	14,040	--
South Dakota	0	1,260,000	--
Wisconsin	0	1,980	--
Undistributed	0	2,416,000	--
SCS Technical Assistance	0	3,584,000	--
Subtotal	0	48,000,000	--
Subtotal, ASCS	57,775,704	51,532,996	3,000,000
Subtotal, SCS	1,897,182	4,481,000	--
Total, Available or Estimate	59,672,886	56,013,996	\$3,000,000

NOTE: Negative obligations represent deobligation of prior years' obligations.

EMERGENCY CONSERVATION PROGRAM

STATUS OF PROGRAM

Current Activities: Of the total eligible costs of restoring damaged farmland, the Federal Government will pay up to 64 percent of the first \$62,500, 40 percent of the second \$62,500, and 20 percent of the eligible cost above \$125,000. The maximum cost-share payment under the program is \$200,000 per person, per disaster, including pooling agreements.

During fiscal year 1993, 39 States participated in the program, involving 1,370,721 acres and \$27.4 million in cost-share and technical assistance outlays.

Selected Examples of Recent Activity:

- Drought. During fiscal year 1993, \$158,000 was allocated to producers in three States as a result of drought conditions.
- Fencing. In accordance with P.L. 103-50, enacted July 2, 1993, \$14.8 million was transferred from the Farmers Home Administration to the ECP during fiscal year 1993 for the rehabilitation of fencing in areas destroyed or damaged in fiscal year 1992 by Hurricane Andrew. However, program signups and approvals did not start until early fiscal year 1994. Funding will remain available through the end of fiscal year 1994.
- Flooding. Producers in 27 States were provided ECP allocations in fiscal year 1993 totaling \$34,724,972 (including allocations for the Midwest flood of 1993) to repair flood damage by reshaping the land and removing debris.

During fiscal year 1993 \$30.0 million was provided by the Emergency Supplemental Appropriations for Relief from the Major, Widespread Flooding in the Midwest Act of 1993, P. L. 103-75, enacted August 12, 1993. This funding was used to provide emergency cost-share assistance to producers for the rehabilitation of farmland in areas affected by the Midwest Flood. \$24,294,000 was allocated to eight of the nine affected States in September of 1993 and the remaining \$5,706,000 was allocated in early fiscal year 1994. Funding will remain available until June 30, 1994.
- Hurricane. During fiscal year 1993, \$58,367,000 was allocated to producers in areas that suffered severe damage caused Hurricanes Andrew and Iniki and Typhoon Omar during fiscal year 1992. Funding for these allocations was provided by the Emergency Supplemental Appropriations Act of 1992, P.L. 102-368, and by a transfer from the Conservation Reserve Program unobligated balance, under the Secretary's 7 percent interchange authority.
- Tornado. Allocations of \$1,457,100 were provided to producers in nine States during fiscal year 1993 to rehabilitate land damaged by tornadoes.
- Other disasters. Producers in five States received allocations of \$791,020 in fiscal year 1993 to restore farmland damaged by wildfire, snow, high winds and mudslides.

The tables that follow show (a) appropriations and outlays for fiscal years 1957 through 1993, (b) fiscal year 1993 allocations by State and (c) outlays by type of disaster for fiscal year 1993.

Emergency Conservation Program
Appropriations and Outlays
Fiscal Years 1957–1993

Fiscal Year	Appropriation	Outlays
1957	\$4,000,000	\$931,800
1958	20,000,000	1,975,898
1959	--	3,211,377
1960	--	897,656
1961	--	549,201
1962	5,000,000	8,796,544
1963	--	2,701,428
1964	4,000,000	3,392,835
1965	14,000,000	10,007,537
1966	24,000,000	13,189,570
1967	5,000,000	5,701,969
1968	5,000,000	5,403,016
1969	5,000,000	7,143,935
1970	5,000,000	8,303,981
1971	5,000,000	12,364,588
1972	12,000,000	7,407,073
1973	25,000,000	9,227,765
1974	10,000,000	18,195,465
1975	10,000,000	8,152,886
1976	10,000,000	11,242,440
TQ	2,500,000	3,399,204
1977	10,000,000	15,858,888
1978	30,000,000	15,496,330
1979	10,000,000	23,384,000
1980	35,000,000	22,196,759
1981	10,000,000	15,700,695
1982	8,800,000	4,400,132
1983	--	9,854,249
1984	19,000,000	15,488,359
1985	--	11,415,369
1986	5,000,000	7,098,964
1987	10,000,000	4,656,594
1988	1,000,000	4,763,344
1989	5,000,000	7,893,738
1990	29,927,000	12,256,527
1991	9,999,870	13,245,469
1992	22,500,000 ^{1/}	8,854,177
1993	89,667,000 ^{2/}	27,431,669
TOTAL	\$461,393,870	\$362,191,431

^{1/} Excludes \$10.5 million in contingency funds provided by P.L. 102–368, which were made available on December 30, 1992.

^{2/} Includes \$10.5 million in contingency funds provided by P.L. 102–368, which were made available on December 30, 1992; \$31.367 million transferred from CRP under the authority of 7 U.S.C. 2257; \$30.0 million provided by the FY 1993 Midwest Flood Supplemental; \$14.8 million transferred from FmHA; and \$3.0 million provided by FY 1993 regular appropriation, P. L. 102–341.

Emergency Conservation Program
FY 1993 Allocations by State

STATE	ONGOING PROGRAM	HURRICANES ANDREW/ INIKI, TYPHOON OMAR	MIDWEST FLOOD	TOTAL
Alabama	443,435			443,435
Arizona	3,541,971			3,541,971
Arkansas	1,374			1,374
California	880,585			880,585
Colorado	44,800			44,800
Florida	120,000	47,738,000		47,858,000
Georgia	1,098,000			1,098,000
Guam	0	200,000		200,000
Hawaii	155,000	3,562,000		3,717,000
Idaho	364,000			364,000
Illinois	365,529		3,626,400	3,991,929
Indiana	80,000			80,000
Iowa	1,386,702		5,688,600	7,075,302
Kansas	0		5,575,200	5,575,200
Kentucky	24,000			24,000
Louisiana	22,000	6,847,000		6,869,000
Maine	390,000			390,000
Michigan	24,000			24,000
Minnesota	0		694,200	694,200
Mississippi	321,000	20,000		341,000
Missouri	370,000		6,790,800	7,160,800
Montana	190,000			190,000
Nebraska	975,512		706,800	1,682,312
Nevada	40,500			40,500
New Mexico	8,444			8,444
New York	25,550			25,550
North Dakota	0		12,000	12,000
Oklahoma	238,376			238,376
Oregon	110,000			110,000
Pennsylvania	20,000			20,000
Puerto Rico	1,114			1,114
South Carolina	719,100			719,100
South Dakota	35,000		1,200,000	1,235,000
Texas	671,000			671,000
Utah	95,500			95,500
Washington	15,000			15,000
West Virginia	39,500			39,500
Wisconsin	100			100
Wyoming	20,000			20,000
Total	<u>12,837,092</u> 1/	<u>58,367,000</u> 2/	<u>24,294,000</u> 3/	<u>95,498,092</u>

1/ Includes FY 1993 BA and recoveries of prior-year allocations.

2/ Includes \$27M in FY 92 supplemental funding and \$31.367M transferred from CRP. Funding was available through September 30, 1993.

3/ FY 1993 supplemental funding of \$30 million is available through June 30, 1994.

Emergency Conservation Program
Outlays by Type of Disaster
Fiscal Year 1993

STATE	Drought	Flood	Hurricane	Tornado	All Other	Total
Alabama	—	\$6,357	—	\$122,303	\$29,499	\$158,159
Arizona	—	312,263	—	—	—	312,263
Arkansas	—	19,156	—	1,726	—	20,882
California	68,719	12,488	—	—	12,655	93,862
Connecticut	—	986	—	—	11,547	12,533
Florida	—	—	15,369,830	27,161	—	15,396,991
Georgia	—	123,169	—	279,135	12,587	414,891
Hawaii	—	217,961	1,411,738	—	—	1,629,699
Idaho	558,216	—	—	—	109,210	667,426
Illinois	-2,893	1,077	—	—	—	-1,816
Indiana	—	75,063	—	20,944	—	96,007
Iowa	—	183,701	—	—	—	183,701
Kentucky	—	19,680	—	3,016	—	22,696
Louisiana	—	16,312	810,880	3,359	—	830,551
Maine	—	210,294	—	—	—	210,294
Maryland	—	-736	—	—	—	-736
Massachusetts	—	1,625	—	—	—	1,625
Michigan	—	—	—	38,617	—	38,617
Minnesota	—	918	—	—	—	918
Mississippi	—	2,170	13,087	189,580	—	204,837
Missouri	1,275	52,677	—	—	—	53,952
Montana	400,058	37,550	—	—	169,837	607,445
Nebraska	—	432,776	—	—	—	432,776
Nevada	114,884	40,500	—	—	—	155,384
New Mexico	—	18,384	—	2,805	—	21,189
New York	—	8,137	—	—	—	2,837
North Carolina	—	69,184	—	—	—	69,184
Ohio	173,931	13,700	—	4,422	—	192,053
Oklahoma	—	15,073	—	—	—	15,073
Oregon	163,290	31,740	—	—	17,856	212,886
Pennsylvania	9,727	—	—	—	—	9,727
Puerto Rico	—	18,464	—	—	—	18,464
South Carolina	—	653,215	-230	50,285	—	703,270
South Dakota	428,195	75,466	—	—	—	503,661
Texas	—	1,908,471	—	—	—	1,908,471
Utah	—	5,125	—	—	—	5,125
Vermont	—	—	—	—	25,500	25,500
Virginia	—	35,279	—	—	—	35,279
Washington	186,613	18,626	—	—	61,633	266,872
West Virginia	—	23,244	—	—	—	23,244
Wisconsin	—	1,008	—	—	—	1,008
Undistributed	—	—	—	—	—	-22,313
TOTAL	\$2,102,015	\$4,661,103	\$17,605,305	\$743,353	\$450,324	\$25,534,487 a/

a/ Excludes technical assistance. Total outlays, including \$1,897,182 for technical assistance are \$27,431,669.

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Forestry Incentives Program

For necessary expenses, not otherwise provided for, to carry out the program of forestry incentives, as authorized in the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2101), including technical assistance and related expenses, [\$12,820,000] \$6,625,000, to remain available until expended, as authorized by that Act.

FORESTRY INCENTIVES PROGRAM

Appropriations Act, 1994	\$12,820,000
Budget Estimate, 1995	<u>6,625,000</u>
Decrease in Appropriations	<u>-6,195,000</u>

SUMMARY OF INCREASES AND DECREASES

(On basis of appropriation)

<u>Item of Change</u>	<u>1994 Estimated</u>	<u>Program Changes</u>	<u>1995 Estimated</u>
Cost-sharing to landowners	\$11,538,000	-\$5,576,000	\$5,962,000
Technical assistance (FS)	<u>1,282,000</u>	<u>-619,000</u>	<u>663,000</u>
Total Available	<u>12,820,000</u>	<u>-6,195,000</u>	<u>6,625,000</u>

PROJECT STATEMENT

(On basis of appropriation)

<u>Project</u>	<u>1993 Actual</u>	<u>1994 Estimated</u>	<u>Decrease</u>	<u>1995 Estimated</u>
Cost-sharing to landowners	\$11,201,000	\$11,538,000	-\$5,576,000 ⁽¹⁾	\$5,962,000
Technical assistance (FS)	<u>1,245,000</u>	<u>1,282,000</u>	<u>-619,000</u> ⁽²⁾	<u>663,000</u>
Total, Appropriation....	12,446,000	12,820,000	-6,195,000	6,625,000

NOTE: Under the Secretary's proposed reorganization plan, this account will be part of the Natural Resources Conservation Service.

PROJECT STATEMENT

(On basis of available funds)

<u>Project</u>	<u>1993 Actual</u>	<u>1994 Estimated</u>	<u>Decrease</u>	<u>1995 Estimated</u>
Cost-sharing to landowners.....	\$11,104,940	\$13,199,974	\$-7,237,974	\$5,962,000
Technical assistance (FS)...	<u>1,245,000</u>	<u>1,287,546</u>	<u>-624,546</u>	<u>663,000</u>
Total available....	12,349,940	14,487,520	-7,862,520	6,625,000
Unobligated balance brought forward from prior years..	-1,571,460	-1,667,520	+1,667,520	--
Unobligated balance carried forward to next year.....	<u>1,667,520</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total, Appropriation....	12,446,000	12,820,000	-6,195,000	6,625,000

EXPLANATION OF PROGRAM

The appropriation "Forestry Incentives Program" of the Agricultural Stabilization and Conservation Service funds the activities authorized by the Cooperative Forestry Assistance Act of 1978, as amended by section 1214 of the Food, Agriculture, Conservation, and Trade Act of 1990. Its purpose is to encourage the development, management, and protection of nonindustrial, private forest lands to increase the production of timber and enhance other forest resources. The program is carried out through annual and long-term cost-sharing agreements with private landowners who improve a stand of forest trees or plant trees.

Under the 1994 program, cost-sharing and technical assistance totaling \$12,820,000 will be provided to plant trees on approximately 153,500 acres and to improve timberstand on approximately 39,900 acres of forest. This program level would result in an estimated 104.4 million trees planted.

JUSTIFICATION OF DECREASES

- (1) A decrease of \$5,576,000 for cost-sharing to landowners (\$11,538,000 available in fiscal year 1994).

Need for Change. The fiscal year 1995 budget requests \$5,962,000 for cost-share assistance to landowners. This level is a \$5,576,000 decrease below the amount that was provided in 1994.

Nature of Change. The Forestry Incentives Program provides funding for cost-sharing agreements with private landowners who improve a stand of forest trees or plant trees. The program will target funds to achieve the greatest environmental benefits with program expenditures. Selected sites for cost-share tree planting will demonstrate water quality improvement opportunities, as well as erosion prevention and other environmental goals.

- (2) A decrease of \$619,000 for Forest Service technical assistance due to a lower level of FIP funding in fiscal year 1995 (\$1,282,000 available in fiscal year 1994).

The following tables show (a) outlays for fiscal year 1993 and (b) geographic breakdown of obligations for fiscal years 1993-1995.

Forestry Incentives Program
Fiscal Year 1993 Outlays by State

State	Outlays
Alabama	1,089,911
Arizona	1,073
Arkansas	901,893
California	112,358
Colorado	4,520
Connecticut	2,535
Delaware	61,480
Florida	1,108,846
Georgia	1,364,443
Idaho	29,862
Illinois	69,095
Indiana	76,719
Iowa	28,520
Kansas	3,353
Kentucky	38,771
Louisiana	693,414
Maine	40,270
Maryland	109,078
Massachusetts	54,298
Michigan	82,417
Minnesota	60,542
Mississippi	1,026,048
Missouri	30,663
Montana	10,842
New Hampshire	42,174
New Jersey	1,904
New Mexico	10,495
New York	53,173
North Carolina	717,796
Ohio	192,644
Oklahoma	55,669
Oregon	454,838
Pennsylvania	43,818
Puerto Rico	20,160
Rhode Island	2,742
South Carolina	1,091,037
South Dakota	21,136
Tennessee	87,326
Texas	628,072
Vermont	8,907
Virginia	834,105
Washington	339,548
West Virginia	53,161
Wisconsin	188,301
Wyoming	72,177
Undistributed	2,199
ASCS, Subtotal	11,922,333
FS Technical Assistance	1,190,105
TOTAL	13,112,438

Forestry Incentives Program
Geographic Breakdown of Obligations
Fiscal Year 1993 and Estimated Fiscal Years 1994 and 1995

State	1993 Actual	1994 Estimated	1995 Estimated
Alabama	929,496	925,566	418,048
Alaska	-12,654	16,534	7,468
Arizona	0	8,093	3,655
Arkansas	709,524	713,963	322,474
California	156,971	154,647	69,849
Colorado	7,866	14,213	6,420
Connecticut	-990	14,665	6,624
Delaware	12,614	187,799	84,823
Florida	1,125,628	1,108,171	500,525
Georgia	1,134,003	1,441,914	651,266
Idaho	27,494	64,601	29,178
Illinois	58,256	56,057	25,319
Indiana	83,381	93,106	42,053
Iowa	53,281	74,735	33,755
Kansas	1,416	15,067	6,805
Kentucky	11,903	142,940	64,561
Louisiana	644,603	656,825	296,667
Maine	21,586	76,162	34,400
Maryland	133,372	137,422	62,069
Massachusetts	50,341	64,996	29,357
Michigan	81,776	65,803	29,721
Minnesota	40,191	200,324	90,480
Mississippi	981,940	980,879	443,031
Missouri	22,389	136,650	61,720
Montana	8,167	2,006	906
Nebraska	3,250	32,544	14,699
New Hampshire	34,752	47,290	21,359
New Jersey	4,204	18,858	8,518
New Mexico	2,852	15,612	7,051
New York	72,422	79,493	35,904
North Carolina	586,610	733,072	331,105
Ohio	148,782	165,083	74,563
Oklahoma	17,604	221,209	99,913
Oregon	511,581	501,017	226,293
Pennsylvania	41,222	174,956	79,022
Puerto Rico	-4,170	20,665	9,334
Rhode Island	54	4,845	2,188
South Carolina	1,037,118	1,039,505	469,511
South Dakota	20,580	22,149	10,004
Tennessee	149,124	108,445	48,981
Texas	538,104	955,292	431,474
Vermont	18,190	17,609	7,953
Virginia	839,449	896,289	404,825
Washington	336,812	361,632	163,337
West Virginia	39,782	86,284	38,972
Wisconsin	207,560	229,048	103,454
Wyoming	75,389	90,764	40,995
Undistributed	141,115	25,175	11,371
ASCS, Sub-total	11,104,940	13,199,974	5,962,000
FS Technical Assistance	1,245,000	1,287,546	663,000
Total, Available or Estimate	12,349,940	14,487,520	6,625,000

FORESTRY INCENTIVES PROGRAM

STATUS OF PROGRAM

Current Activities: The Forestry Incentives Program (FIP) is available in counties designated on the basis of a Forest Service survey of total eligible private timberland available for potential production of timber products.

Features of the program include:

- Cost-Share Rate. FIP shares up to 65 percent of the cost of performing forestry practices designed to plant or improve a stand of forest trees. The percentage cost-shared depends on the rate set in a particular State and county by the Agricultural Stabilization and Conservation (ASC) committee in consultation with the State forester or equivalent State official.
- Eligibility. To be eligible for cost-sharing assistance under FIP, a landowner must:
 - Own private, nonindustrial forest land that is capable of producing marketable timber crops and meeting minimum productivity standards of at least 50 cubic feet of wood per acre per year.
 - Qualify as a private individual, group, Indian tribe or other native group, association, corporation (excluding corporations whose stocks are publicly traded), or other legal entity who owns no more than 1,000 acres of eligible forest land (unless ASCS determines it is in the public interest to grant an exception for a larger unit of up to 5,000 acres).
 - Restrict the manufacture of forest products to a part-time or irregular basis.
- Forest Management Plan. Once an eligible landowner requests assistance through an ASCS county office, a representative of the State forestry agency examines the landowner's property to certify the need for the practice. The landowner may enter into either an annual or long-term agreement (3-10 years). As a condition for cost-sharing assistance, the landowner works with the State forester to develop a forest management plan. The plan, when completed, must be approved by the State forester or his or her representative and a copy provided to the county ASC committee. The State forestry agency provides technical advice and helps find approved vendors, if needed, for getting the work accomplished.
- Payment Limitation. Once the State forestry agency certifies that the project is complete, the county ASCS office makes the cost-share payments. The payment limitation to any person during any year is \$10,000.
- Practices. The practices for which costs are shared under FIP are as follows:
 - FPI-Planting Trees. This practice is intended to increase the production of timber and improve the environment. Site preparation is an authorized part of the practice if certified as necessary by a representative of the State forestry agency.

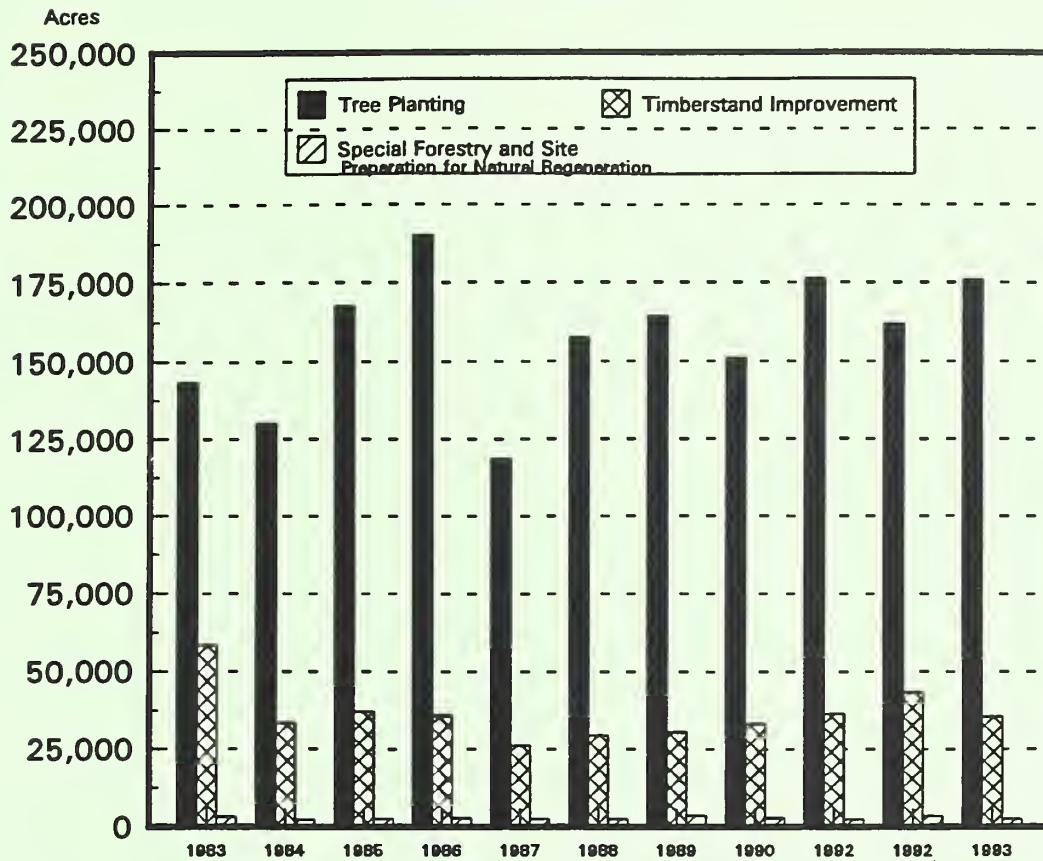
- FP2-Improving a Stand of Forest Trees. This practice is aimed at increasing growth of trees on sites suitable for production of sawtimber and veneer logs. Both softwood and hardwood improvement practices may qualify. Precommercial thinning, pruning of crop trees, and releasing desirable seedlings and young trees are acceptable measures.
- FP3-Site Preparation for Natural Regeneration. This practice is aimed at establishing a stand of forest trees through natural regeneration for timber production purposes and to preserve and improve the environment.
- SF-Special Forestry Practices. A special forestry practice may be approved by the Deputy Administrator for State and County Operations, ASCS, after consultation with the Forest Service when needed for a significant and unique local condition for which the national practices are not adequate.

Selected Examples of Recent Progress:

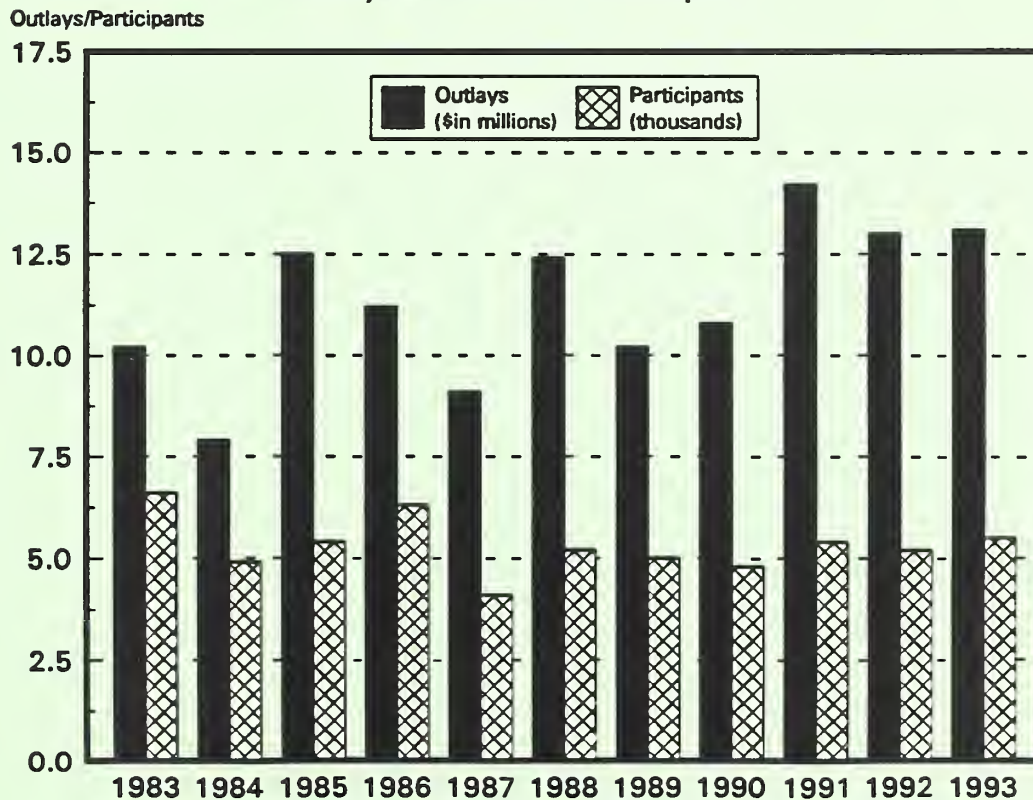
- Participation. During fiscal year 1993 there were 5,467 participants. From fiscal year 1975, when the program became separately funded, through fiscal year 1993, 126,418 participants entered cost-share agreements to increase the production of timber on 4,342,894 acres of private forest lands. Forestry studies indicate that over 30 percent of all tree planting on nonindustrial, private lands is accomplished through FIP.
- Payments. Outlays in fiscal year 1993 totaled \$13,112,438.

The following graphs show (a) the number of acres by type of practice, and (b) the outlays and number of participants for fiscal years 1983 through 1993.

FORESTRY INCENTIVES PROGRAM (FIP) Number of Acres



Outlays and Number of Participants



RURAL CLEAN WATER PROGRAM

Appropriations Act, 1994	--
Budget Estimate, 1995	--
Change in Appropriation	--

PROJECT STATEMENT
(On basis of available funds)

Project	1993 Actual	1994 Estimated	Increase or Decrease	1995 Estimated
Cost-sharing to farmers ...	\$155,196	\$259,117	-\$259,117	--
Recovery of prior year obligations	-246,722	--	--	--
Unobligated balance brought forward from prior years .	-407,591	-259,117	+259,117	--
Unobligated balance carried forward to next year	<u>259,117</u>	--	--	--
Total available or estimate	-240,000	--	--	--
Transfer to SCS for technical assistance	240,000	--		
Total, Appropriation	--	--		

NOTE: Under the Secretary's proposed reorganization plan, this account will be part of the Natural Resources Conservation Service.

EXPLANATION OF PROGRAM

The experimental Rural Clean Water Program is authorized by the Agriculture, Rural Development and Related Agencies Appropriation Acts of 1980 (P.L. 96-108) and 1981 (P.L. 96-528).

The purpose of the program is to develop and test means of controlling agricultural nonpoint source water pollution in rural areas. It provides long-term financial and technical assistance to landowners and operators to improve water quality and meet water quality goals. Under the program, participants agreed to install and maintain practices as specified in an approved water quality plan. The effectiveness of the practices in reducing identified pollutants entering a stream or lake or leaving their source is evaluated.

Federal technical assistance is provided by the Soil Conservation Service, Forest Service, Economic Research Service, and the Environmental Protection Agency. Nonfederal technical assistance is provided by local agencies and/or conservation districts.

The experimental program encompasses 21 project areas, which contain a multiplicity of pollution-causing materials such as nutrients/fertilizers, toxics/pesticides, organics/bacteria, sediment, and dissolved solids. Recommended project areas were developed by local and State committees and approved by the Secretary of Agriculture in consultation with the Administrator of the Environmental Protection Agency.

Full funding was provided for all projects on a current dollar basis. Application of the construction cost index (from the Department of Commerce Composite of Construction Cost Index, Bureau of the Census, Construction Statistics Division) to the original approvals was used to project future budgetary requirements. The program requires no additional funding. Projects were fully funded by 1980 and 1981 appropriations.

The following tables show (a) outlays by State, fiscal year 1993, (b) geographic breakdown of obligations for fiscal years 1993-1995, and (c) cost by project.

Rural Clean Water Program
Fiscal Year 1993 Outlays by State

State	Outlays
Delaware	\$2,470
Florida	28,766
Idaho	66,533
Illinois	2,284
Kansas	573
Louisiana	59,150
Maryland	54,807
Michigan	284
Minnesota	25,265
Nebraska	4,929
Oregon	181,352
Pennsylvania	240,350
South Dakota	50,138
Tennessee	30,656
Wisconsin	42,486
Undistributed	26
ASCS, Subtotal	790,069
Technical Assistance for ES	331,796
TOTAL	\$1,121,865

Rural Clean Water Program
Geographic Breakdown of Obligations
Fiscal Year 1993 and Estimated Fiscal Years 1994 and 1995

State	1993 Actual	1994 Estimated	1995 Estimated
Alabama	-5,859	--	--
Delaware	--	--	--
Florida	--	--	--
Idaho	--	--	--
Illinois	--	--	--
Iowa	--	--	--
Kansas	--	--	--
Kentucky	-3,601	--	--
Louisiana	--	--	--
Maryland	--	--	--
Massachusetts	--	--	--
Michigan	--	--	--
Minnesota	-5,874	--	--
Nebraska	30,000	--	--
Oregon	40,000	--	--
Pennsylvania	30,000	--	--
South Carolina	--	--	--
South Dakota	40,000	--	--
Tennessee	-38,624	--	--
Vermont	--	--	--
Virginia	-184,667	--	--
Wisconsin	-19,829	--	--
Undistributed	273,650	259,117	--
Subtotal, ASCS	155,196	259,117	--
SCS Technical Assistance	240,000	--	--
Total, Available or Estimate	395,196	259,117	--

NOTE: Negative obligations represent deobligation of prior years' obligations.

RURAL CLEAN WATER PROGRAM PROJECTS

<u>Project</u>	<u>Location</u>	<u>Actual Cost 1/</u>	<u>Status</u>
Lake Tholocco	Alabama	\$1,772,064	Implemented in 1980. 80% of its critical acres are under contract.
Appoquinimink	Delaware	887,256	Implemented in 1980. 87% of its critical acres are under contract.
Taylor Creek-Nubbin Slough/ Lower Kissimmee River	Florida	3,278,631	The Taylor Creek-Nubbin Slough project was implemented in 1981. 87% of its critical acres are under contract. Lower Kissimmee River was added in 1988. 58% of its critical acres are under contract.
Rock Creek	Idaho	5,376,943	Implemented in 1980. 73% of its critical acres are under contract. Selected as one of five comprehensive monitoring and evaluation (CM&E) projects.
Highland Silver Lake	Illinois	3,974,691	Implemented in 1980. 82% of its critical acres are under contract. A CM&E project.
Prairie Rose Lake	Iowa	655,891	Implemented in 1980. 90% of its critical acres are under contract.
Upper Wakarusa	Kansas	2,131,691	Implemented in 1980. Has been terminated.
Reelfoot Lake	Kentucky	900,443	Implemented in 1980. 64% of its critical acres are under contract.
Bonne Idee	Louisiana	4,234,762	Implemented in 1980. 60% of its critical acres are under contract.

Double Pipe Creek	Maryland	5,064,038	Implemented in 1980. 100% of its critical acres under contract.
Westport River	Massachusetts	667,085	Implemented in 1981. 67% of its critical acres are under contract.
Saline Valley	Michigan	2,613,885	Implemented in 1980. 32% of its critical acres are under contract.
Garvin Brook	Minnesota	2,580,422	Implemented in 1981. 65% of its critical acres are under contract.
Long Pine Creek	Nebraska	2,409,388	Implemented in 1981. 79% of its critical acres are under contract.
Tillamook Bay	Oregon	5,447,461	Implemented in 1981. 99% of its critical acres are under contract.
Conestoga Headwaters	Pennsylvania	4,051,797	Implemented in 1981. 40% of its critical acres are under contract. A CM&E project.
Oakwood Lake Poinsett	South Dakota	3,552,215	Implemented in 1981. 61% of its critical acres are under contract. A CM&E project.
Reelfoot Lake	Tennessee	4,384,462	Implemented in 1980. 58% of its critical acres are under contract.
Snake Creek	Utah	373,553	Implemented in 1980. 100% of its critical acres are under contract.
St. Albans Bay	Vermont	5,089,482	Implemented in 1980. 75% of its critical acres are under contract. A CM&E project.
Nansemond-Chuckatuck	Virginia	2,152,814	Implemented in 1981. 75% of its critical acres are under contract.

Lower Manitowoc	Wisconsin	2,399,205	Implemented in 1980. 57% of its critical acres are under contract.
Subtotal		63,998,179	
Technical Assistance, National Association of Conservation Districts		<u>1,821</u>	
	TOTAL	<u>\$64,000,000</u>	

- 1/ Includes funds for best management practices, information and education, Federal and nonfederal technical assistance, and comprehensive monitoring and evaluation. A best management practice is a single practice or a system of practices to improve water quality included in the approved RCWP project application that reduces or prevents agricultural nonpoint source pollution. Comprehensive monitoring and evaluation involves the monitoring of water quality analysis of samples, evaluation of results, and analysis of socioeconomic impact on the affected population.

RURAL CLEAN WATER PROGRAM

STATUS OF PROGRAM

Current Activities: The experimental Rural Clean Water Program (RCWP) provides financial and technical assistance to farmers and ranchers for the installation of approved measures that reduce or control agricultural nonpoint source pollution.

- Program Operation. Project proposals were developed and recommended by local and State coordinating committees and were selected by the Secretary of Agriculture in consultation with the Administrator of the Environmental Protection Agency. Work plans for each project, initially developed prior to selection, are updated annually.

Each participant entered into a contract agreement during the first 5 years of the project, to carry out an individual water quality plan developed in cooperation with the Soil Conservation Service and the soil conservation district. Approved contracts then run from 3 to 10 years and may be modified to reflect changes in the status of the participant, the land agreement, or farming operations.

Pollution problems are treated by Best Management Practices (BMP's) specified by the individual water quality plan developed for each farm. Practices that qualify for cost-sharing under the RCWP are those that reduce pollutants entering a stream or lake, or prevent them from leaving their source.

- Payment Levels and Limitations. The maximum Federal cost-share level is 75 percent, unless otherwise approved by the Administrator, ASCS. Total payment to a single producer is limited to \$50,000 over the life of the contract. There is no annual limitation.
- Monitoring and Evaluation. General monitoring records progress on practice installation, payments, and short- and long-term water quality trends for all projects. An economic evaluation of each project is performed to determine the cost-share rate for each practice. Comprehensive monitoring and evaluation (CM&E) involves the monitoring of water quality, analysis of samples, evaluation of results, and analysis of socioeconomic impact on the affected population. Projects in Idaho, Illinois, Pennsylvania, South Dakota, and Vermont have been selected as CM&E projects.

Selected Examples of Progress:

-- Funding Status:

- The contracting period for all projects has ended. Any further changes in project funding reflect cost reestimates.
- Since inception, \$34,007,808 in BMP funds have been placed under contract.
- Since inception, \$21,678,171 million has been allocated for technical assistance activities to EPA, ERS, ES, FS, SCS, and for other technical services to local conservation districts.
- Since inception, \$7,849,135 has been approved for comprehensive monitoring and evaluation: Idaho, \$1,388,966; Illinois, \$1,285,757; Pennsylvania, \$1,231,400; South Dakota, \$1,675,957; and Vermont, \$2,267,055.

- National RCWP Symposium. The National RCWP Symposium was held in September 1992 to present the results of the 10-year experimental RCWP to Federal, State, and local project managers, landowners, and others interested in solutions to nonpoint source pollution.
- Program Reports. The following are the major reports generated by the National Water Quality Evaluation Project:
 - Water Quality Monitoring Report for Agricultural Nonpoint Source Pollution Control Projects - Methods and Findings from the Rural Clean Water Program.
 - Summary Report: Evaluation of the Experimental Rural Clean Water Program.
 - The National Rural Clean Water Program Symposium - 10 years of Controlling Agricultural Nonpoint Source Pollution: The RCWP Experience Status of Agricultural Nonpoint Source Projects. (Prepared annually.)
 - The Rural Clean Water Program: A Report.
 - Rural Clean Water Program - Lessons Learned From a Voluntary Nonpoint Source Control Experiment.
 - Evaluation of the Experimental Rural Clean Water Program.
- Lessons learned from the RCWP experience:
 - Best Management Practices (BMP's) improve water quality.
 - There must be flexibility to try BMP innovations or modifications to make them adaptable to specific situations.
 - Federal funds for nonpoint source (NPS) pollution control programs must be committed up-front and for the entire project period.
 - Sufficient financial and technical resources must be available to make adequate water quality monitoring and evaluation programs possible, since monitoring is the primary and most defensible means for evaluating the effectiveness of an NPS control program.
 - The availability of cost-share assistance at a sufficiently high level is the most important factor in obtaining producer participation in voluntary NPS control programs.
 - Project goals must be realistic, specific, and measurable.
 - The critical areas must be well defined and must encompass the major pollution sources.
 - First priority should be given to projects where there is a high probability for reversing the water use impairment.
 - The linkage of land treatment to water quality can be made at the farm field, subwatershed, watershed, or project level.

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

The estimates include appropriation language for this item as follows:

Water Bank Program

For necessary expenses to carry into effect the provisions of the Water Bank Act (16 U.S.C. 1301-1311), \$8,000,000, to remain available until expended.

WATER BANK PROGRAM

Appropriations Act, 1994	\$8,000,000
Budget Estimate, 1995.....	<u>8,000,000</u>
Change in Appropriation.....	<u>--</u>

Adjustment in 1994:

Appropriation Act, 1994.....	\$8,000,000	
Transfer to SCS for technical assistance.....	<u>-640,000</u>	
Adjusted base for 1994.....		7,360,000
Budget Estimate, 1995.....		<u>8,000,000</u>
Increase over adjusted 1994.....		<u>+640,000</u>

SUMMARY OF INCREASES AND DECREASES
(on basis of adjusted appropriation)

<u>Item of Change</u>	<u>1994 Estimated</u>	<u>Other Changes</u>	<u>1995 Estimated</u>
Annual payments to landowners	<u>\$7,360,000</u>	<u>+\$640,000</u>	<u>\$8,000,000</u>
Total Available	<u>7,360,000</u>	<u>+640,000</u>	<u>8,000,000</u>

PROJECT STATEMENT
(On basis of adjusted appropriation)

Project	1993 Actual	1994 Estimated	Increase	1995 Estimated
Annual payments to landowners	<u>\$17,130,000</u>	<u>\$7,360,000</u>	<u>+\$640,000</u>	<u>\$8,000,000</u>
Total available or estimate	17,130,000	7,360,000	+640,000 (1)	8,000,000
Transfer to SCS for technical assistance	<u>1,490,000</u>	<u>640,000</u>		
Total, appropriation	18,620,000	8,000,000		

NOTE: Under the Secretary's proposed reorganization plan, this account will be part of the Natural Resources Conservation Service.

PROJECT STATEMENT
(On basis of available funds)

Project	1993 Actual	1994 Estimated	Increase or Decrease	1995 Estimated
Annual payments to landowners	\$18,124,998	\$9,899,730	-\$1,899,730	\$8,000,000
Unobligated balance brought forward	-3,182,030	-2,539,730	+2,539,730	--
Unobligated balance carried forward to next year	<u>2,539,730</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total available or estimate	17,482,698	7,360,000	+640,000	8,000,000
Transfer to SCS for technical assistance	<u>1,137,302</u>	<u>640,000</u>		
Total, Appropriation	18,620,000	8,000,000		

EXPLANATION OF PROGRAM

The appropriation "Water Bank Program" of the Agricultural Stabilization and Conservation Service funds the activities authorized by the Water Bank Act, Public Law 91-559, approved December 19, 1970, as amended by the Public Law 96-182, approved January 2, 1980.

Its purpose is to conserve water, preserve, maintain, and improve migratory waterfowl habitat and other wildlife resources, and secure other environmental benefits through long-term land use agreements with landowners and operators in important migratory waterfowl nesting, breeding, and feeding areas that have been specifically designated by the Secretary.

The Secretary enters into agreements with landowners and operators for the conservation of specified wetlands. The agreements are for 10 years with provision for renewal for additional periods. During the period of the agreement, the landowner agrees not to drain, burn, fill or otherwise destroy the wetland character of such areas. The Secretary makes annual payments to the owner or operator at a rate determined at the time of agreement and subject to review after 4 years and at the time of renewal.

The Secretary carries out the program in coordination with wetlands programs administered by the Secretary of the Interior and utilizes the technical and related services of appropriate State, Federal, and private conservation agencies to ensure coordination. Beginning in fiscal year 1995, it is proposed that the SCS technical assistance funding formerly included in this account be appropriated directly to SCS.

JUSTIFICATION OF INCREASE

- (1) An increase of \$640,000 for WBP 10-year agreements with landowners and operators (\$7,360,000 available in fiscal year 1994).

Need for Change. The fiscal year 1995 budget requests \$8.0 million for 10-year agreements with landowners and operators to preserve and protect eligible wetlands and adjacent lands. This level is \$640,000 above the level available for this purpose in fiscal year 1994.

The Water Bank Program provides essential flood water control at a low cost in seasonally flooded basins and flat wetland areas. There are approximately 738,000 acres currently under 10-year WBP voluntary agreements, of which 355,000 acres are wetlands. Most of these acres are non-cropland and require little or no restoration.

Preserved wetlands play a major role in reducing flooding by temporarily storing large quantities of water, and by slowing the velocity of flood waters to decrease flood damage in an area. The preservation of the nation's wetlands through the Water Bank Program is a natural method of achieving flood control and reducing flood damage.

Nature of Change. The requested budget of \$8.0 million would protect approximately 48,300 acres of wetlands and adjacent lands in important migratory waterfowl nesting and breeding areas. It would permit renewal of approximately 75 percent of the 64,000 acres covered by expiring 1985 agreements or provide funding to enter into 464 new 10-year agreements. Funds will be directed to the States considered to have the most valuable wetlands and adjacent lands as identified by United States Department of Interior studies. Equal consideration will be given when reviewing for renewal or new agreements.

The following tables show (a) outlays for fiscal year 1993 and (b) geographic breakdown of obligations for fiscal years 1993-1995.

Water Bank Program
Fiscal Year 1993 Outlays by State

State	Outlays
Arkansas	\$690,840
California	570,854
Kentucky	--
Louisiana	672,135
Michigan	--
Minnesota	2,061,624
Mississippi	914,595
Montana	214,591
Nebraska	218,449
North Dakota	3,083,815
Ohio	84,526
South Dakota	1,518,357
Wisconsin	605,192
SCS Technical Assistance	1,137,302
Total	\$11,772,280

Water Bank Program
Geographic Breakdown of Obligations
Fiscal Year 1993 and Estimated Fiscal Years 1994 and 1995

State	1993 Actual	1994 Estimated	1995 Estimated
Arkansas	\$2,133,939	\$821,000	--
California	485,525	277,733	--
Kentucky	--	--	--
Louisiana	2,526,866	1,311,000	--
Maine	--	--	--
Michigan	--	40,061	--
Minnesota	2,819,864	1,689,238	--
Mississippi	1,697,255	454,147	--
Montana	500,164	623,196	--
Nebraska	421,674	441,676	--
North Dakota	3,189,246	2,048,232	--
Ohio	566,526	352,385	--
South Dakota	3,070,248	1,009,894	--
Wisconsin	713,610	484,887	--
Undistributed	81	346,281	\$8,000,000
Subtotal, ASCS	18,124,998	9,899,730	8,000,000
SCS Technical Assistance	1,137,302	640,000	--
Total, Available or Estimate	\$19,262,300	\$10,539,730	\$8,000,000

WATER BANK PROGRAM

STATUS OF PROGRAM

Current Activities: Under the Water Bank Program, persons having eligible wetlands in selected migratory waterfowl nesting, breeding, and feeding areas enter into 10-year agreements, with provision for renewal, and receive annual payments for preserving wetlands.

The Water Bank Act, as amended by P.L. 96-182, January 2, 1980, authorizes the Secretary to review rental rates on agreements at the beginning of the fifth year and at time of renewal, and to adjust these rates if land and crop values have changed.

The amended Act also specifies that payments cannot exceed \$30 million in any calendar year, and that not more than 15 percent of the funds authorized to be appropriated in any fiscal year may be used for agreements in any one State.

Selected Examples of Recent Progress:

The 495 agreements entered in 1983 expired December 31, 1992, and were eligible for renewal in 1993. During fiscal year 1993, 1,026 renewals or new agreements were signed with landowners to protect 119,951.4 acres. From 1984 through September 1993, 6,551 agreements were entered into on 737,626.2 acres of land.

The tables that follow show (a) 1993 calendar year agreements by State through September 1993, and (b) the status of calendar year agreements from 1984 through September 1993.

Water Bank Program
1993 Calendar Year Agreements
As of September 30, 1993

State	Number of Approved Counties	Number of Agreements	Designated Acres	Annual Payments for Designated Acreage
Arkansas	17	161	30,599.2	\$195,649
California	12	11	2,307.8	27,419
Kentucky	2	--	--	--
Louisiana	11	133	15,612.7	102,716
Minnesota	48	181	9,610.3	274,659
Mississippi	20	90	20,150.5	169,591
Montana	10	24	2,952.9	49,536
Nebraska	24	29	1,475.2	35,108
North Dakota	36	176	19,448.6	286,512
Ohio	6	40	1,588.8	31,301
South Dakota	40	123	13,669.6	233,925
Wisconsin	22	58	2,535.8	66,858
Total	248	1,026	119,951.4	\$1,473,274

Water Bank Program
Status of Calendar Year Agreements
1984 Through September 30, 1993

Calendar Year	Number of Agreements	Total Acres	Wetland Acres	Adjacent Acres	Annual Payments
1984	569	57,234.6	23,328.8	33,905.8	\$810,206
1985	540	63,400.8	23,851.3	39,549.5	845,720
1986	329	36,512.5	13,623.3	22,889.2	506,035
1987	479	57,811.2	23,455.5	34,355.7	867,110
1988	493	63,726.6	25,609.8	38,116.8	950,129
1989	533	62,134.5	30,017.1	32,117.4	881,790
1990	744	75,141.2	35,987.3	39,153.9	1,039,442
1991	794	87,152.4	42,337.3	44,815.1	1,194,820
1992	1,044	114,561.0	63,317.4	51,243.6	1,555,498
1993	1,026	119,951.4	73,830.7	46,120.7	1,473,274
Total	6,551	737,626.2	355,358.5	382,267.7	\$10,124,024

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Wetlands Reserve Program

For necessary expenses to carry out the Wetlands Reserve Program pursuant to subchapter C of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3837), [~~\$66,675,000~~] \$240,900,000, to remain available until expended: Provided, That the Secretary is authorized to use the services, facilities, and authorities of the Commodity Credit Corporation for the purpose of carrying out the Wetlands Reserve Program: Provided further, That beginning in fiscal year 1995, none of the funds under this head may be used for salaries and expenses.

The change in language prohibits the use of WRP funds for salaries and expenses.

WETLANDS RESERVE PROGRAM

Appropriations Act, 1994	\$66,675,000
Budget Estimate, 1995	<u>240,900,000</u>
Increase in Appropriation	<u>+174,225,000</u>

Adjustment in 1994:

Appropriation Act, 1994.....	\$66,675,000	
Transfer to SCS for technical assistance.....	<u>-5,250,000</u>	
Adjusted base for 1994.....		61,425,000
Budget Estimate, 1995.....		<u>240,900,000</u>
Increase over adjusted 1994.....		<u>+179,475,000</u>

SUMMARY OF INCREASES AND DECREASES
(On basis of adjusted appropriation)

<u>Item of Change</u>	<u>1994 Estimated</u>	<u>Other Changes</u>	<u>1995 Estimated</u>
Easement payments	\$54,225,000	+\$162,675,000	\$216,900,000
Cost-sharing	4,875,000	+14,625,000	19,500,000
Easement overhead costs .	<u>2,325,000</u>	<u>+2,175,000</u>	<u>4,500,000</u>
Total Available.....	<u>61,425,000</u>	<u>+179,475,000</u>	<u>240,900,000</u>

PROJECT STATEMENT
(On basis of adjusted appropriation)

Project	1993 Actual	1994 Estimated	Increase	1995 Estimate
Easement payment ...	--	\$54,225,000	+\$162,675,000	\$216,900,000
Cost-sharing.....	--	4,875,000	+14,625,000	19,500,000
Easement overhead costs.....	--	<u>2,325,000</u>	<u>+2,175,000</u>	<u>4,500,000</u>
Total available or estimate	--	61,425,000	+179,475,000 (1)	240,900,000
Transfer to SCS for technical assistance	--	<u>5,250,000</u>		
Total, Appropriation	--	66,675,000		

NOTE: Under the Secretary's proposed reorganization plan, this account will be part of the Natural Resources Conservation Service.

PROJECT STATEMENT
(On basis of available funds)

Project	1993 Actual	1994 Estimated	Increase	1995 Estimated
Easement payments...	\$4,372,456	\$86,877,000	+\$130,023,000	\$216,900,000
Cost-sharing	56,532	7,434,000	+12,066,000	19,500,000
Easement overhead costs	44,454	2,797,558	+1,702,442	4,500,000
Subtotal	4,473,442	97,108,558	+143,791,442	240,900,000
Unobligated balance brought forward from prior years ..	-43,257,000	-35,683,558	+35,683,558	--
Unobligated balance carried forward to next year.....	35,683,558	--	--	--
Total available or estimate.....	-3,100,000	61,425,000	+179,475,000	240,900,000
Transfer to SCS for technical assistance.....	3,100,000	5,250,000		
Total, Appropriation.....	--	66,675,000		

EXPLANATION OF PROGRAM

The Wetlands Reserve Program (WRP) is a mandatory program (subject to the availability of appropriations) authorized by Section 1237 of the Food Security Act, as added by Section 1438 of the Food, Agriculture, Conservation, and Trade Act of 1990, and amended by the 1993 Omnibus Budget Reconciliation Act. The WRP is one component of the larger Environmental Conservation Acreage Reserve Program (ECARP), which also includes the Conservation Reserve Program (CRP). The 1990 FACT Act authorized the Secretary to enroll at least 40 million acres in ECARP by the end of 1995, including, to the extent practicable, 1 million acres in the WRP. The 1993 Omnibus Budget Reconciliation Act extends the WRP from 1995 to 2000 and requires enrollment of not fewer than 330,000 acres cumulative by the end of calendar year 1995, and not fewer than 975,000 acres cumulative by the end of calendar year 2000.

The primary objectives of the Wetlands Reserve Program are to preserve, protect, and restore valued wetlands, and improve wildlife and migratory bird habitat. Wetland restoration will improve water quality and provide flood water retention, ground water recharge, open space, and aesthetic values.

The Secretary of Agriculture, through designated ASCS county offices, uses program funds to enter into contracts with landowners who operate farmed or converted wetlands, and adjoining land or riparian corridors. The contracts provide for the purchase of permanent easements or easements of 30 years or the maximum period allowable under State law. Payments are authorized in either a lump sum or annual installments. The Wetlands Reserve Program entails coordination and consultation with other USDA and non-USDA agencies such as the Environmental Protection Agency. Technical assistance is provided by the Soil Conservation Service, Fish and Wildlife Service, Forest Service, and the Extension Service for education and information services.

Appropriations fully fund all program costs up front, even though payments may be made over a multi-year period.

The fiscal year 1992 appropriation provided initial funding of \$46.357 million for a pilot program in nine States to enroll up to 50,000 acres, and 49,888 acres were actually enrolled. Congress did not provide funding for a fiscal year 1993 signup. The fiscal year 1994 appropriation provides \$66.675 million for a fiscal year 1994 signup to acquire easements on not more than 75,000 acres. The 1995 President's Budget proposes enrollment of 300,000 acres, for a total of 424,888 acres through 1995, leaving 550,112 acres to be enrolled by the end of calendar year 2000.

1994 Program

1. Participating States. Under the fiscal year 1994 program, the WRP will be available in 20 States: Arkansas, Illinois, Indiana, Kansas, Oregon, Nebraska, Tennessee, Texas, Washington, South Dakota, and Virginia, along with the 1992 pilot States of California, Iowa, Louisiana, Minnesota, Mississippi, Missouri, New York, North Carolina, and Wisconsin.
2. Bid Offers and Ranking. Interested landowners in these States will submit non-binding "intentions to participate" during the 1994 signup period. Only permanent easements will be accepted.

Beginning with the 1994 signup, within 6 weeks of the signup period, the Soil Conservation Service, with the assistance of the Fish and Wildlife Service, will meet with eligible landowners to develop preliminary plans that will include restoration practices and the size and location of the easement area.

WRP intentions are evaluated at the county office level to determine whether the landowner and the land offered meet basic eligibility requirements. Ineligible persons or land are disqualified. Each WRP intention will also be evaluated at the National level to determine whether the intention data meets a minimum environmental benefit threshold. For the fiscal year 1994 signup, two ranking processes may be established: one at the National level, and, optionally, one at the State level. Both State offices and the National level will ensure that intentions accepted will not exceed the fair market value of the land based on county committee-determined land value or appraisals, as applicable.

3. Obligation of Funds. Experience with the fiscal year 1992 signup has shown that the bid acceptance and easement filing processes are lengthy, and two or more years may elapse between the time a landowner signs up for the program and the time that the easement is filed, at which time funds under provisions of the 1992 program are obligated. Beginning in 1994, in order to accelerate the obligation of WRP funds, program funds will be obligated upon bid acceptance rather than filing of the easement. To accomplish this, appropriate language will be included in the WRP easement contract that will tie obligation recordation to bid acceptance by the Government. There will also be contract language stating that the easement must be filed within 12 months of signup.

Program Payments. In the fiscal year 1992 signup, 82 percent of all participants elected the lump-sum payment option, and 18 percent elected the annual installment payment option. For the fiscal year 1994 signup, only lump-sum payments will be available. A landowner may receive 10 percent of the total easement amount on an annual basis, with the remainder paid upon completion of all restoration practices. Compensation will be in cash as specified in the contract, but will not exceed the fair market value of the land. The program also shares up to 75 percent of eligible restoration costs.

Easement acquisition rates for the 1992 pilot program averaged \$722.65 per acre for lump-sum easement payments, \$833.41 for annual installment easement payments, and \$52.43 per acre for cost-sharing of restoration costs. Easement overhead costs, including surveys, title searches, abstracts, attorney fees, and certain appraisal costs, averaged approximately \$10.35 per accepted acre. SCS technical assistance was charged at the rate of \$124.00 per accepted acre.

Easement acquisition rates for the 1994 signup and future signups are estimated at \$723.00 per acre for lump-sum easement payments and cost-sharing of restoration is estimated at \$65.00 per acre. Easement overhead costs are estimated at \$15.00 per acre.

Reports to Congress

In accordance with H. Rept. 102-815, the conference report on the fiscal year 1993 agriculture appropriations bill, a report, including an analysis of the 1992 program, was submitted to the appropriate committees of Congress in February, 1993.

In accordance with S. Rept. 103-102, the Senate report on the fiscal year 1994 agriculture appropriations bill, a report was provided to Congress on December 30, 1993, on proposed action to lower the per-acre cost of acreage enrolled in the 1994 signup and to improve the overall cost-effectiveness of the program.

JUSTIFICATION OF INCREASE

- (1) An increase of \$179,475,000 for Wetlands Reserve Program easement payments, cost-sharing, and easement overhead costs (\$61,425,000 available in fiscal year 1994).

Need for Change. The 1995 budget request of \$240.9 million will support the protection and restoration of wetlands and enhance wildlife habitat for migratory birds and other wildlife on 300,000 acres. The 1993 Omnibus Budget Reconciliation Act requires the Secretary of Agriculture to enroll not fewer than 330,000 acres by the end of calendar year 1995, and not fewer than 975,000 by the end of calendar year 2000. 49,888 acres were accepted in the fiscal year 1992 pilot program. Congress provided no funding for the program in fiscal year 1993 but provided for enrollment of 75,000 acres in 1994. The 1995 budget proposes a signup of 300,000 acres, for a cumulative enrollment of approximately 425,000 acres by the end of calendar year 1995, leaving a minimum of approximately 550,000 acres to be enrolled by the end of calendar year 2000.

Funds for technical assistance will be provided directly through appropriations to the Soil Conservation Service. No funds are included for technical assistance within the Wetlands Reserve Program appropriations request. An increase in the discretionary cap will accommodate this shift in funding from a mandatory to a discretionary source.

Beginning in 1995, the program would be available nationwide.

Nature of Change. The 1995 budget request is based on the results of the 1992 pilot program signup. The assumed rates per accepted acre are:

- \$723 for lump-sum easement payments
- \$65 for restoration costs
- \$15 for easement overhead costs, including surveys, title searches, abstracts, attorney fees, and appraisal fees.

The 1995 budget request assumes that participants will receive lump-sum easement payments only. The budget also assumes that obligation of funds will begin the year of signup. The requested fiscal year 1995 funding would provide:

\$216.9 million for easement payments
 \$19.5 million for cost-sharing
 \$4.5 million for easement overhead costs

The following tables show (a) outlays for fiscal year 1993 and (b) geographic breakdown of obligations for fiscal years 1993-1995.

Wetlands Reserve Program

Fiscal Year 1993 Outlays by State

State	Outlay
Arkansas	--
California	\$1,569,255
Illinois	--
Indiana	--
Iowa	82,879
Kansas	--
Louisiana	256,962
Minnesota	1,935
Mississippi	62,668
Missouri	100,473
Nebraska	--
New York	2,500
North Carolina	3,600
Oregon	--
South Dakota	--
Tennessee	--
Texas	--
Virginia	--
Washington	--
Wisconsin	35,428
SCS Technical Assistance	13
Undistributed	6,186,074
Total	\$8,301,787

Wetlands Reserve Program
Geographic Breakdown of Obligations
Fiscal Year 1993 and Estimated Fiscal Years 1994 and 1995

State	1993 Actual	1994 Estimated	1995 Estimated
Arkansas	--	--	--
California	\$1,580,762	--	--
Illinois	--	--	--
Indiana	--	--	--
Iowa	513,974	--	--
Kansas	--	--	--
Louisiana	692,356	--	--
Minnesota	21,519	--	--
Mississippi	62,669	--	--
Missouri	464,359	--	--
Nebraska	--	--	--
New York	2,500	--	--
North Carolina	3,600	--	--
Oregon	--	--	--
South Dakota	--	--	--
Tennessee	--	--	--
Texas	--	--	--
Virginia	--	--	--
Washington	--	--	--
Wisconsin	151,658	--	--
Undistributed	980,045	97,108,558	240,900,000
Subtotal, ASCS	4,473,442	97,108,558	240,900,000
SCS Technical Assistance	3,100,000	5,250,000	--
Total, Available or Estimate	\$7,573,442	\$102,358,558	\$240,900,000

WETLANDS RESERVE PROGRAM

STATUS OF PROGRAM

Current Activities: Under the 1992 pilot program in effect for fiscal year 1993, the Wetlands Reserve Program (WRP) operated in nine States under State and county ASC committees with technical assistance provided by the Soil Conservation Service, and the Fish and Wildlife Service of the United States Department of the Interior. Congress did not provide a fiscal year 1993 appropriation. Under the pilot WRP, ASCS purchases permanent easements on up to 50,000 acres from participating landowners who agree to preserve, restore, and protect their eligible lands.

Eligible lands under the program may include:

- cropped wetlands
- eligible acres already enrolled in the Conservation Reserve Program
- riparian areas
- non-wetland areas occurring within a restorable wetland area
- non-cropped natural wetlands
- buffer areas
- wetlands restored under a Federal or State program.

Features of the program include:

- Restoration practices. Two practices were authorized under the 1992 pilot program:
 - Wetlands restoration
 - Vegetative cover establishment.
- Contracts. The FACT Act authorized both permanent and non-permanent easement contracts with landowners. The pilot WRP will purchase only permanent easements, which will remain in effect even if land ownership changes. Both permanent and non-permanent easements of 30 years or the maximum duration allowed under applicable State law may be considered under any future nationwide program.
- Easement payments. In exchange for granting a permanent easement and implementing a wetland restoration and protection plan, the landowner may receive monetary compensation in the form of either 10 equal annual installments or a lump sum payment.
- Cost-share payments. Under the pilot WRP, 75 percent of the cost of the eligible practice will be paid to program participants to restore the land to wetland condition and provide wildlife habitat.
- Easement overhead costs. Reimbursement of easement overhead costs will be provided from available program funding, rather than borne by the landowner. Such overhead costs include the recording of the easement in the State and county where the land is located, and applicable charges for abstracts, surveys, appraisal fees, title insurance and taxes associated with acquiring an easement.

- Technical assistance. The Soil Conservation Service (SCS) and the Fish and Wildlife Service develop a preliminary plan (WRPO) for offered acres initially determined eligible. The plan specifies the manner in which the wetlands and adjacent lands must be restored, operated, and maintained, as well as any compatible uses reserved to the landowner. Once an offer is accepted, SCS assists in establishing required practices for the easement area.

Examples of Recent Progress:

- First WRP signup. The fiscal year 1992 signup was held in June 1992 in nine States participating in the pilot program -- California, Iowa, Louisiana, Minnesota, Mississippi, Missouri, New York, North Carolina, and Wisconsin. Landowners offered intentions to participate on approximately 466,000 acres.
- Wetland restoration plans. WRPO's were developed for the accepted acres determined to be eligible.
- Bid acceptance. Of the 466,000 acres on which intention to participate were offered in fiscal year 1992, bids were submitted on approximately 249,000 acres. 49,888 acres were accepted in fiscal year 1993. Accepted landowners' bids were for the amount of compensation the Federal Government would pay for an easement on their land.

The tables that follow show (a) fiscal year 1993 outlays by program activity, (b) fiscal year 1993 allocations by State, (c) bid activity in fiscal year 1993, and (d) number of accepted acres by type of wetlands.

Wetlands Reserve Program
Fiscal Year 1993 Outlays by Activity

State	Permanent Easement	Restoration	Easement Overhead Costs	Total
New York	\$0	\$0	\$2,500	\$2,500
TOTAL NORTHEAST AREA	0	0	2,500	2,500
Iowa	80,997	0	1,882	82,879
Minnesota	1,935	0	0	1,935
Missouri	95,953	1,418	3,102	100,473
Wisconsin	34,353	304	771	35,428
TOTAL MIDWEST AREA	213,238	1,722	5,755	220,715
Louisiana	201,200	48,345	7,417	256,962
Mississippi	50,294	6,465	5,922	62,681
North Carolina	0	0	3,600	3,600
TOTAL SOUTHEAST AREA	251,494	54,810	16,939	323,243
California	1,549,995	0	19,260	1,569,255
TOTAL SOUTHWEST AREA	1,549,995	0	19,260	1,569,255
TOTAL ALL AREAS	<u>\$2,014,727</u>	<u>\$56,532</u>	<u>\$44,454</u>	<u>\$2,115,713</u> a/

a/ Excludes SCS technical assistance. Total outlays, including \$6,186,074 for SCS technical assistance, are \$8,301,787.

Wetlands Reserve Program
FY 1993 Allocations by State

State	Allocations
New York	\$203,479
TOTAL NORTHEAST AREA	203,479
Iowa	5,319,450
Minnesota	676,701
Missouri	2,421,653
Wisconsin	1,102,192
TOTAL MIDWEST AREA	9,519,996
Louisiana	8,137,016
Mississippi	8,918,153
North Carolina	3,090,926
TOTAL SOUTHEAST AREA	20,146,095
California	10,020,785
TOTAL SOUTHWEST AREA	10,020,785
TOTAL ALL AREAS	<u>\$39,890,355</u>

Wetlands Reserve Program
Bid Activity in Fiscal year 1993

State	Submitted Easement Bids in FY 1992			Accepted Easement Bids in FY 1993		
	Number of Farms	Average Easement Acres Per Farm	Number of Acres Submitted	Number of Farms	Average Easement Acres Per Farm	Number of Acres Bid
New York	20	25	496	5	14	72
TOTAL NORTHEAST AREA	20	25	496	5	14	72
Iowa	367	76	27,889	83	61	5,096
Minnesota	106	124	13,119	10	71	706
Missouri	135	108	14,575	21	127	2,669
Wisconsin	117	73	8,516	29	57	1,647
TOTAL MIDWEST AREA	725	88	64,099	143	71	10,118
Louisiana	243	288	69,912	43	327	14,075
Mississippi	245	265	64,957	47	317	14,884
North Carolina	35	437	15,299	6	786	4,713
TOTAL SOUTHEAST AREA	523	287	150,168	96	351	33,672
California	46	746	34,296	21	287	6,026
TOTAL SOUTHWEST AREA	46	746	34,296	21	287	6,026
TOTAL ALL AREAS	1,314	190	249,059	265	188	49,888

Wetlands Reserve Program
Number of Accepted Pilot WRP Acres by Eligible Wetlands

State	Prior Converted Cropland	Farmed Wetlands	Farmed Natural Wetlands	Natural Wetlands	Riparian Areas	Cropped Uplands	Non - cropped Uplands	Total Accepted Acres
New York	45	1	0	2	0	24	0	72
TOTAL NORTHEAST AREA	45	1	0	2	0	24	0	72
Iowa	1,584	1,883	753	289	82	393	111	5,095
Minnesota	392	88	0	1	0	211	14	706
Missouri	2,140	179	5	165	7	161	12	2,669
Wisconsin	1,112	258	79	105	3	79	11	1,647
TOTAL MIDWEST AREA	5,228	2,408	837	560	92	844	148	10,117
Louisiana	5,243	8,283	0	424	0	125	0	14,075
Mississippi	9,500	4,840	0	534	10	0	0	14,884
North Carolina	4,631	0	0	59	0	0	23	4,713
TOTAL SOUTHEAST AREA	19,374	13,123	0	1,017	10	125	23	33,672
California	4,757	822	10	263	46	23	106	6,026
TOTAL SOUTHWEST AREA	4,757	822	10	263	46	23	106	6,026
TOTAL ALL AREAS	29,404	16,354	847	1,842	148	1,016	277	49,888

COMMODITY CREDIT CORPORATION

Purpose Statement

The Commodity Credit Corporation (CCC) is a wholly-owned Government corporation created in 1933 to stabilize, support, and protect farm income and prices; to help maintain balanced and adequate supplies of agricultural commodities, including products, foods, feeds, and fibers; and to help in the orderly distribution of these commodities. CCC was originally incorporated under a Delaware charter and was reincorporated June 30, 1948, as a Federal corporation within the Department of Agriculture by the Commodity Credit Corporation Charter Act, approved June 29, 1948 (15 U.S.C. 714).

The principal operations conducted by CCC are support programs for agricultural commodities. These include the storage, handling, and disposition of commodities acquired under the various programs; and set-aside or acreage reduction, loan deficiency, deficiency, disaster, and/or diversion payment programs for feed grains, wheat, rice, and cotton; certificate programs; and special activities, such as those under the Agricultural Trade Development and Assistance Act of 1954, as amended (P.L. 480), which are financed by appropriations authorized by statutes providing for these activities. Under section 201 of the Agricultural Trade Act of 1978, as amended, CCC may finance short-term export credit sales on credit terms not to exceed three years under the Export Credit Sales Program. The Corporation is also authorized by section 201 to finance intermediate-term export credit sales in excess of three years, but not more than 10 years. The Corporation is also authorized under section 202 of the Agricultural Trade Act of 1978, as amended, to enter into export guarantee financing arrangements with respect to exported commodities.

Management of the Corporation is vested in a board of directors, subject to the general supervision and direction of the Secretary of Agriculture who is an ex-officio director and chairman of the board. The board consists of seven members, in addition to the Secretary, who are appointed by the President of the United States with the advice and consent of the Senate. Officers of the Corporation are designated according to their positions in the Department of Agriculture. The activities of the Corporation are carried out mainly by the personnel and through the facilities of the Agricultural Stabilization and Conservation Service (ASCS) and the Agricultural Stabilization and Conservation (ASC) State and county committees. The General Sales Manager, the Foreign Agricultural Service, other agencies and offices of the Department, and commercial agents are also used to carry out certain phases of the Corporation's activities.

ASCS administers CCC's activities through its headquarters offices in Washington, D.C., and the Kansas City field offices.

The ASC State and county committees carry out certain support and related activities of the Corporation within the States and counties. There are 50 State offices, an insular area office in Puerto Rico, and approximately 2,800 county offices. The ASC State committees supervise the activities of the ASC county committees in their respective States.

FINANCING

Borrowing Authority

The Corporation has an authorized capital stock of \$100 million held by the United States, with the authority to have outstanding borrowings of up to \$30 billion at any one time. P.L. 95-279, approved May 15, 1978, increased the statutory borrowing authority to \$25 billion from \$20 billion, to the extent provided in appropriations acts. The fiscal year 1982 supplemental appropriations act, P.L. 97-257, increased the availability to \$25 billion. The fiscal year 1988 appropriations act, P.L. 100-202, increased the statutory borrowing authority to \$30 billion.

Funds are borrowed from the Treasury and may also be borrowed from private lending agencies and others. The Corporation reserves a sufficient amount of its borrowing authority to purchase at any time all notes and other obligations evidencing loans made by such agencies and others. All bonds, notes, debentures, and similar obligations issued by the Corporation are subject to approval by the Secretary of the Treasury as required by the Act of March 8, 1938 (15 U.S.C. 713a-4). Reservation of borrowing authority for these purposes has not been required for many years.

Interest on borrowings from the Treasury (and on capital stock) is paid at a rate based upon the average interest rate of all outstanding marketable obligations (of comparable maturity date) of the United States as of the preceding month. Interest may also be paid on other notes and obligations at a rate prescribed by the Commodity Credit Corporation and approved by the Secretary of the Treasury.

The Department of Agriculture and Related Agencies Appropriations Act, 1966, made provision for terminating interest after June 30, 1964, on the portion of the Corporation's borrowings from the Treasury equal to the unreimbursed realized losses recorded on the books of the Corporation after the end of the fiscal year in which such losses are realized.

Contract Authority

Support and other programs required by statute may result in the Corporation's incurring obligations in excess of available funds or borrowing authority. Such obligations are liquidated from subsequent appropriations and other funds which may become available to the Corporation. Any increase in obligations in excess of available fund resources is reported as contract authority in the year involved; a decrease is reported as the application of appropriations and other funds to liquidate the contract authority.

Appropriations:

Reimbursement for Net Realized Losses

Under Public Law 87-155 (15 U.S.C. 713a-11, 713a-12), annual appropriations were authorized for each fiscal year, commencing with fiscal year 1961, to reimburse the Corporation for net realized losses. The Omnibus Budget Reconciliation Act of 1987 amended Public Law 87-155 to authorize that the Corporation be reimbursed for its net realized losses by means of a current, indefinite appropriation.

Disaster Payments

The Dire Emergency Supplemental Appropriations Act of 1992, P.L. 102-229, enacted December 12, 1991, provided \$995,000,000 for payments to producers for losses on either 1990 or 1991 crops, at the producer's option. The remaining portion (\$755,000,000) of the funding appropriated by P.L. 102-229 was made available by request of the President on September 2, 1992, for disaster payments on 1990, 1991, or 1992 crops. The fiscal year 1992 Dire Emergency Supplemental Appropriations Act, P.L. 102-368, enacted September 23, 1992, provided additional funding for eligible crop losses associated with natural disasters such as Hurricanes Andrew and Iniki and Typhoon Omar. An initial amount of \$382,000,000 in appropriated funding was available immediately. An additional amount of \$100,000,000 was made available based on an official budget request submitted by the President. P.L. 102-368 also provided a separate appropriation for the Tree Assistance Program of \$48,000,000.

The Supplemental Appropriations Act of 1993, P.L. 103-50, enacted July 2, 1993, authorized payments using the remaining balances from P.L. 102-229 and P.L. 102-368 for 1990, 1991, and 1992 crop quality adjustments and for 1993, 1994, and 1995 crop losses related to Hurricanes

Andrew and Iniki and Typhoon Omar. The Emergency Supplemental Appropriations for Relief from the Major, Widespread Flooding in the Midwest Act of 1993, P.L. 103-75, signed August 12, 1993, authorized \$1,450,000,000 in appropriated funds for 1993 crop losses (including the \$100 million originally appropriated by P.L. 102-368) due to damaging weather and related conditions occurring in 1993. The use of CCC funds was also authorized if extraordinary circumstances existed that warranted further assistance from CCC.

National Wool Act

Under section 705 of the National Wool Act, as amended (7 U.S.C. 1781-1787), a permanent appropriation is made to reimburse the Corporation for amounts expended during the preceding fiscal year and for amounts expended in prior fiscal years not previously reimbursed. This appropriation may not exceed 70 percent of the gross receipts from duties collected on wool and wool manufactures during the immediately preceding calendar year.

CCC Export Credit Guarantee Liquidating Account

Under the Budget Enforcement Act of 1990, Title XIII of the Omnibus Budget Reconciliation Act of 1990, a permanent, indefinite appropriation for the Corporation's Export Credit Guarantee Programs (GSM-102 and GSM-103) is authorized to cover the obligations and commitments of pre-fiscal year 1992 guarantees. Use of this authority to date included \$2,756,817,000 which was transferred to the CCC revolving fund and used in early fiscal year 1992 to repay all CCC notes payable (borrowings) incurred while financing CCC export guarantee claims incurred prior to October 1, 1991. Additional fiscal year 1993 authority of \$443,570,000 was used to finance the payment of claims in fiscal year 1993 for export guarantee commitments incurred prior to October 1, 1991. Because of the availability of this permanent, indefinite appropriation, this activity is no longer financed by CCC's \$30 billion borrowing authority.

CCC Export Credit Guarantee Program Account

Under the Budget Enforcement Act of 1990, Title XIII of the Omnibus Budget Reconciliation Act of 1990, a permanent, indefinite appropriation for the Corporation's Export Credit Programs (GSM-102 and GSM-103) is authorized to cover the subsidy costs of the current year's program. The fiscal year 1995 appropriation represents the present value of CCC's estimated net cashflows over the lifetime of the credit guarantees made in fiscal year 1994. This activity is also not financed by the Corporation's \$30 billion borrowing authority. A current, definite amount is appropriated by Congress for the administrative costs of carrying out the export guarantee programs.

Commodity Credit Corporation
Available Funds
1993 Actual and Estimated 1994 and 1995

Item	1993 Actual	1994 Estimated	1995 Estimated
Reimbursement for Net Realized Losses.....	\$9,200,000,000	\$18,000,000,000	\$15,500,000,000
Appropriations for Disaster Payments.....	1,880,000,000 <u>a/</u>	---	---
Reimbursement to CCC National Wool Act.....	191,115,000	179,305,000	197,952,000
CCC Export Credit Guarantee Liquidating Account.....	443,570,000	---	---
CCC Export Credit Guarantee Program Account (permanent, indefinite).....	388,170,000	403,238,000	394,393,000
CCC Export Credit Guarantee Program Account Subsidy Reestimate (permanent, indefinite).....	363,894,000	-3,342,000	---
CCC Export Loans Program Account (current, definite).....	3,320,000	3,381,000	3,437,000
Total Commodity Credit Corporation.....	<u>\$12,470,069,000</u>	<u>\$18,582,582,000</u>	<u>\$16,095,782,000</u>

a/ \$430 million was appropriated in late fiscal year 1992 by P.L. 102-368, but not warranted to CCC until early fiscal year 1993.

CLASSIFICATION BY OBJECTS1993 and Estimated 1994 and 1995

(thousands of dollars)

	<u>1993</u>	<u>1994</u>	<u>1995</u>
22 Transportation of things.....	\$873,812	\$613,369	\$376,032
25 Other services.....	1,243,630	438,336	90,453
Storage and handling (including producer storage payments).....	95,698	112,421	91,938
26 Supplies and materials (cost of commodities sold or donated):			
Foreign Assistance Programs.....	617,181	734,611	620,555
Other.....	1,761,353	1,905,251	1,631,216
31 Equipment.....	31,740	34,920	0
33 Investments and loans.....	10,453,866	8,047,693	9,707,711
41 Grants, subsidies, and contributions	9,794,607	9,542,051	8,972,181
43 Interest and dividends.....	<u>243,523</u>	<u>298,565</u>	<u>368,493</u>
Total obligations.....	<u>25,115,410</u>	<u>21,727,217</u>	<u>21,858,579</u>

COMMODITY CREDIT CORPORATION

The estimates include appropriation language for this item as follows: (new language underscored; deleted matter enclosed in brackets):

COMMODITY CREDIT CORPORATION FUNDReimbursement for Net Realized Losses:

- 1 For fiscal year [1994] 1995, such sums as may be necessary to reimburse the
 2 Commodity Credit Corporation for net realized losses sustained, but not
 previously reimbursed [(estimated to be \$20,896,614,000 in the President's
 fiscal year 1994 Budget Request (H. Doc. 103-3)), but not to exceed
 \$18,000,000,000], pursuant to section 2 of the Act of August 17, 1961, as
 amended (15 U.S.C. 713a-11).

Operations and Maintenance for Hazardous Waste Management:

- 3 For fiscal year [1994] 1995, the Commodity Credit Corporation shall not expend
 4 more than [\$4,000,000] \$5,000,000 for expenses to comply with the requirement
 of Section 107(g) of the Comprehensive Environmental Response, Compensation,
 and Liability Act, as amended, 42 U.S.C. 9607(g), and Section 6001 of the
 Resource Conservation and Recovery Act, as amended, 42 U.S.C. 6961: Provided,
 That expenses shall be for operations and maintenance costs only and that other
 hazardous waste management costs shall be paid for by the USDA Hazardous Waste
 Management appropriation in this Act.

5 [Short-Term Export Credit:]

[The Commodity Credit Corporation shall make available not less than
 \$5,000,000,000 in credit guarantees under its export credit guarantee program
 for short-term credit extended to finance the export sales of United States
 agricultural commodities and the products thereof, as authorized by section
 211(b)(1) of the Agricultural Trade Act of 1978 (7 U.S.C. 5641).]

6 [Intermediate Export Credit:]

[The Commodity Credit Corporation shall make available not less than
 \$500,000,000 in credit guarantees under its export guarantee program for
 intermediate-term credit extended to finance the export sales of United States
 agricultural commodities and the products thereof, as authorized by
 section 211(b)(2) of the Agricultural Trade Act of 1978 (7 U.S.C. 5641).]

7 [Emerging Democracies Export Credit:]

[The Commodity Credit Corporation shall make available not less than
 \$200,000,000 in credit guarantees under its Export Guarantee Program for credit
 expended to finance the export sales of United States agricultural commodities
 and the products thereof to emerging democracies, as authorized by section 1542
 of Public Law 101-624 (7 U.S.C. 5622 note).]

The first change updates the fiscal year designation of the current, indefinite
 appropriation to reimburse the Corporation for net realized losses sustained.

The second change is proposed to eliminate the ceiling on the current, indefinite
 appropriation authority. The ceiling limits the flexibility CCC would otherwise
 have to request funds as needed from the Treasury to avoid operating disruptions
 due to a lack of sufficient funds.

The third change updates the fiscal year designation for the ceiling on
 expenditures in connection with CCC's hazardous waste management costs for
 operations and maintenance.

The fourth change increases the fiscal year ceiling on expenditures in connection with CCC's hazardous waste management costs for operations and maintenance to \$5,000,000, based on a projected change in the operations and maintenance phase of CCC's hazardous waste management program.

The fifth, sixth, and seventh changes delete all appropriation language pertaining to export credit authorizations in accordance with the Federal Credit Reform Act of 1990. This language is not needed in the appropriations since the export credit authorizations are permanent authority.

Reimbursement for Net Realized Losses

Appropriation Act, 1994.....	\$18,000,000,000
Budget Estimate, 1995.....	\$15,500,000,000
Decrease in Appropriation.....	<u>-2,500,000,000</u>

SUMMARY OF INCREASES AND DECREASES

(On basis of appropriation)

Item of Change

	1994 <u>Estimated</u>	<u>Change</u>	1995 <u>Estimated</u>
Reimbursement of losses:			
1991 actual losses.....	\$3,020,385,851	-\$3,020,385,851	---
1992 actual losses.....	11,675,965,395	-11,675,965,395	---
1993 actual losses.....	3,303,648,754	+5,846,989,401	\$9,150,638,155
1994 estimated losses.....	---	+6,349,361,845	<u>6,349,361,845</u>
 TOTAL AVAILABLE.....	 \$18,000,000,000	 -\$2,500,000,000	 \$15,500,000,000

PROJECT STATEMENT

(On Basis of appropriation)

Item	1993 Actual	1994 Estimated	Decrease	1995 Estimated
Reimbursement of losses:				
Appropriation...	\$9,200,000,000	\$18,000,000,000	-\$2,500,000,000	\$15,500,000,000

EXPLANATION OF PROGRAM

USDA Goals and Objectives

The USDA goal is to promote economic stability in the farm sector through an approach that retains basic management responsibilities of farmers, provides for the maintenance of adequate food reserves, provides prices reasonable to consumers and competitive in world markets, and minimizes Federal interference in the agricultural economy.

Provisions of the Program

The programs of the Commodity Credit Corporation cover a wide range of operations.

A. The Commodity Credit Corporation is operated by the Agricultural Stabilization and Conservation Service of the Department of Agriculture.

1. Its functions are performed primarily by ASCS employees.
2. It is a corporate entity operating programs primarily related to the support of farm prices and income, but its budget processes must fit not only its own unique characteristics but also the processes used in formulating and executing the overall U.S. Budget.
3. Its operations are closely related to and affected by the operations of other programs financed from other funds - such as Section 32 and School Lunch Programs, and commodity donations under Titles II and III of P.L. 480.
4. Its resources are utilized to carry out a variety of program objectives not strictly related to support operations.

Some of these objectives are the responsibility of agencies other than the Agricultural Stabilization and Conservation Service.

B. CCC operations are unique in many ways.

1. The primary aim of CCC is to assist in stabilizing, supporting, and protecting farm income and prices and to help maintain balanced and adequate supplies of agricultural commodities.
2. CCC operates under a large number of statutory directives and limitations and has broad charter powers, authorizing it to carry out almost any operation required to meet these objectives, including:

a. Buying	d. Donating	g. Transporting
b. Selling	e. Lending	h. Making payments
c. Bartering	f. Storing	i. Other activities
3. The major activity is support of prices as required or authorized by existing law.
 - a. Under existing law, support of farm prices is accomplished through nonrecourse loans (regular and reserve), payments (in cash, commodity certificate and in-kind), and purchases from farmers or processors.

- b. Under existing law, CCC is required to support the price of corn, cotton, wheat, rice, peanuts, tobacco, dairy products, honey, barley, oats, rye, grain sorghum, sugar, oilseeds and soybeans at levels provided for by law. CCC has to make an offer, open to all producers, to make loans upon or purchase any quantity of these commodities produced which meet eligibility requirements. Eligibility requirements include grade, moisture content, adequacy of storage and compliance with acreage set-aside or acreage reduction provisions, if in effect. Income support in the form of direct payments is also required by law to be available to wool and mohair producers, as well as to feed grain, wheat, cotton and rice growers.
 - c. In addition, CCC may support the prices of other commodities at the discretion of the Secretary.
4. CCC has little control over the volume of business it must handle. The relationship of the market price for each commodity to the support price largely determines the volume of that commodity which will be placed under loan or acquired by the CCC. This in turn is determined by weather conditions, insect damage, use of fertilizers, and all other factors influencing production, and by already existing supplies, domestic and export demand, and other factors affecting the market. Dispositions of inventory are governed by the same set of economic factors. These circumstances can cause tremendous variations over relatively short periods in the volume of CCC support operations.
 5. CCC also carries out storage facilities activities through contracts with warehousemen, commodity export programs, and other activities. Support operations and resultant inventory management account for the bulk of the total workload.
 6. The Dire Emergency Supplemental Appropriations Act of 1992 (P.L. 102-229) was enacted on December 12, 1991 to, among other things, provide funds to help alleviate the effects of recent natural disasters.

\$1,750,000,000 was made available for 1990 through 1992 crop losses. Of this amount, \$995,000,000 was made available for payment to producers for 1990 or 1991 crop losses, at the producer's option.

The remaining \$755,000,000 of the funding appropriated by P.L. 102-229 was made available by request of the President on September 2, 1992, for disaster payments on 1990, 1991, or 1992 program/non program crop losses. In fiscal year 1992, \$961.4 million in 1990 and 1991 crop disaster payments were made in cash from this appropriation. In fiscal year 1993, \$767.0 million in 1990-1992 crop disaster payments were made in cash from this appropriation.

The fiscal year 1992 Dire Emergency Supplemental Appropriations Act, P.L. 102-368, enacted September 23, 1992, provided additional funding for eligible program/non program crop losses associated with natural disasters such as Hurricanes Andrew and Iniki and Typhoon Omar. An initial amount of appropriated funding was available immediately, with an additional amount of \$100 million made available after an official budget request was submitted by the President. In order to pay claims at the same prorated factor as the first payments on 1990 and 1991 crops (50.04 percent), use of CCC funds is also authorized as necessary.

The Supplemental Appropriations Act of 1993, P.L. 103-50, enacted July 2, 1993, authorized payments using the remaining balances from P.L. 102-229 and P.L. 102-368 for 1990, 1991, and 1992 crop quality adjustments and for 1993, 1994, and 1995 crop losses related to Hurricanes Andrew and Iniki and Typhoon Omar. The authority to use CCC funds for these crop year losses was also rescinded. Payments resulting from applications for disaster payments which were filed after July 2, 1993 were to be made

under a newly calculated proration factor. The remaining portion of the \$100 million funding appropriated by P.L. 102-368 was made available by request of the President on July 4, 1993. These funds were to fund losses from natural disasters such as those resulting from the Midwest flooding.

The Emergency Supplemental Appropriations for Relief from the Major, Widespread Flooding in the Midwest Act of 1993, P.L. 103-75, signed August 12, 1993, appropriated funds for 1993 crop losses due to damaging weather and related conditions occurring in 1993. The Act also required the \$100 million released on July 4, 1993 remain available until June 30, 1994, and be used for 1993 crop disaster losses only. An initial amount of appropriated funding was available immediately, with an additional amount made available after an official budget request was submitted by the President. The use of CCC funds was also authorized if necessary to make payments equal to 100 percent of eligible claims on 1993 losses. The remaining portion of the funding appropriated by P.L. 103-75 was made available by request of the President on August 12, 1993. The use of CCC funds was also authorized on the same day. An application deadline of September 17, 1993 was also established for 1993-1995 crops loss of production claims related to Hurricanes Andrew and Iniki and Typhoon Omar and 1990-1992 crops quality loss claims resulting from other disasters (P.L. 103-50 claims). The Act provides for 1993 crop loss benefits to be paid by June 1994. It also authorizes payments for 1993 crop losses to be made in an amount equal to 100 percent of each eligible claim except for 1993 losses related to Hurricanes Andrew and Iniki and Typhoon Omar.

During the disaster signup period which ends March 4, 1994, payments in an amount of 100% percent of each eligible claim will be made. In fiscal year 1993, \$104.4 million in 1993 crop disaster payments were made from the P.L. 103-75 appropriation. The crop disaster program is estimated to result in the expenditure of \$2,095,608,000 for the 1993 crop and \$50 million for the 1990-1992 crops in fiscal year 1994 under the authorizations describe above. An additional \$500 million is expected to be paid in 1994 crop claims under existing CCC disaster authorities.

7. The Omnibus Budget Reconciliation Act of 1993

The Omnibus Budget Reconciliation Act of 1993 (OBRA-93) was signed into law on August 10, 1993. While modifying and extending some agricultural programs through 1997, this Budget Act serves to contribute additional, albeit modest, savings to the USDA budget. The following is a program-by-program summary of OBRA-93's impact on the various commodity programs financed by the Commodity Credit Corporation (CCC).

Wheat, Feed Grains, Rice and Cotton Programs

The OBRA-93 modifies the 0/92 and 50/92 programs to reduce acres eligible for deficiency payments to 85 percent of payment acres for the 1994-97 crops. For wheat and feed grain producers, all or a portion of their permitted crop acreage may be devoted to conserving uses and receive deficiency payments on 85 percent (rather than the current 92 percent) of total payment acres. The cotton/rice producer may plant between 50 - 85 percent of the crops maximum payment acreage and receive deficiency payments on 85 percent of total payment acres. The wheat/feed grains and cotton/rice programs are now referred to as the 0/85 and 50/85, respectively. Exceptions are made for prevented plantings, reduced yields (including failed acres) and alternative crops, for which the existing 0/50/92 program is maintained.

Calculation of deficiency payment rates for the 1992 and 1993 crop years remains the same as in the 1985 farm bill. For the 1994-97 wheat, feed grains, rice and cotton crops, deficiency payment rates will be calculated as outlined in the OBRA 1990 and the FACT Act Amendments of 1991.

In addition, OBRA-93 amends the targeted cotton stocks-to-use ratio. Current law mandates that the Secretary set the Acreage Reduction Program (ARP) rate for cotton at a level that would result in a ratio of carryover to total disappearance of 30%. This gauge has now been reduced to 29.5% for the 1995-96 crop years, and 29% for the 1997 crop year.

The GATT trigger" language of the OBRA-90, with regard to wheat and feed grain marketing loans, is retained by OBRA-93. Marketing loans were made available to wheat and feed grain producers for the first time in crop year 1993, and will be available through the 1995 crop year.

Tobacco Program

The OBRA-93 has made distinct modifications and additions to several commodity programs, most notably, the tobacco program. Three additional assessments have been added to the tobacco program, which will be effective from January 1, 1994. Two of these assessments, the budget deficit (BDA) and no net cost, will be imposed on an importer of tobacco that is produced outside the United States. The budget deficit assessment, which U.S. growers and purchasers have each been paying at a rate equal to 0.5% of the average price support since 1991, is imposed on importers at approximately twice the per pound rate collected from purchasers of domestic tobacco. The BDA is calculated by multiplying the number of pounds imported times the sum of the per pound marketing assessments imposed on purchasers of domestic burley and flue-cured leaf. It will be effective for the 1994-98 calendar years.

The intent of the no net cost assessment is to cover projected losses in operating the tobacco price support program. U.S. growers have paid this assessment since 1982, while purchasers of flue-cured and burley tobacco have been paying these fees since 1986. The new no net cost assessment will be paid by importers of flue-cured and burley tobacco at the rate of the combined fees collected from producers and purchasers of U.S. grown flue-cured and burley leaf. It is calculated by multiplying the per pound amount of tobacco the importer imports by the sum of the per pound assessment which domestic producers and purchasers pay on burley and flue cured tobacco.

An additional assessment, the domestic marketing assessment, will be imposed on a domestic cigarette manufacturer who uses more than 25% imported tobacco to manufacture cigarettes during the calendar year. It is calculated by multiplying the amount of imported tobacco used (in excess of 25%) by the difference between the average of prices per pound received by domestic producers of burley and flue-cured tobaccos and the average price per pound of unmanufactured imported tobacco of the preceding calendar year. This assessment will be implemented from January 1, 1994.

The current marketing assessments imposed on domestic producers and purchasers have not been extended beyond the 1995 crop. Current domestic marketing assessments collected in fiscal year 1993 totaled \$22.0 million dollars.

Dairy and Sugar Programs

The provisions of the dairy price support program have been extended through the 1996 calendar year. The purchase price for butter has been readjusted to no more than \$0.65/pound, and the purchase price for nonfat dry milk has been readjusted to no less than \$ 1.034/pound. The assessment on milk production has been extended, with the 11.25 cent/hundredweight (cwt) assessment being reduced to 10 cents/cwt in the 1996 calendar year. The minimum milk support price remains unchanged at \$10.10 per hundredweight through 1996.

The sugar price support program has been extended through the 1997 crop. The marketing assessments on domestically produced sugar has been increased. For fiscal years 1993 and 1994, the raw cane sugar assessment remains at \$0.0018/pound, and the beet sugar assessment remains at \$0.00193/pound. For fiscal years 1995 through 1998, the raw cane sugar assessment is increased to \$0.00198/pound, while the beet sugar assessment rises to \$0.002123/pound.

Oilseeds and Peanut Programs

Effective with the 1994 crop, loan rates for soybeans and minor oilseeds will be reduced 10 cents and 20 cents, respectively. For soybeans the loan rates will fall from \$ 5.02/lb to \$ 4.92/lb, and for minor oilseeds, from \$ 8.90/cwt to \$ 8.70/cwt. For the 1994-97 crops, soybean and minor oilseed producers must settle all outstanding CCC oilseed loans by September 30 of each fiscal year. In addition, there will be no loan origination fees applied for either soybeans or minor oilseeds starting with the 1994 crop. Total loan origination fees collected in fiscal year 1993 equaled \$2.0 million dollars for the minor oilseeds and \$18.1 million for soybeans.

The peanut price support program has been extended through the 1997 crop. Marketing assessments for peanuts have also been extended, as well as increased through the 1997 crop. The peanut marketing assessments as a percent of the applicable crop year national average support rate are as follows:

Peanut Marketing Assessments

Crop Year	Total Assessment	Producer	1st Purchaser
1993	1.0	.5	.5
1994	1.1	.55	.55
1995	1.1	.55	.55
1996	1.15	.6	.55
1997	1.2	.65	.55

Wool & Mohair and Honey Programs

The OBRA-93, in conjunction with the fiscal year 1994 agriculture appropriations act, will significantly alter the honey program in the upcoming years. For the crop year 1994, Section 728 of the appropriations act amended the Agricultural Act of 1949 to prohibit the Secretary from using funds to provide for payments or loan forfeitures to support the price of honey. This legislation forbids the use of CCC funds for either loan deficiency payments or marketing loan writeoffs for the period of April 1, 1994 through September 30, 1994. The provisions of this act will terminate on October 1, 1994.

OBRA-93 provisions then take effect from October 1, 1994. The OBRA-93 extends the honey price support program through the 1998 crop year. However, the minimum honey price support level has been reduced from the current level of 53.8 cents per pound to 47 cents per pound by the beginning of the 1998 crop year. The amount of payments that may be received by an individual will also be reduced from the current \$150,000,

to \$125,000 in crop year (CY) 1994 and \$100,000 in CY 1995; \$75,000 in CY 1996 and \$50,000 in CY 1997 and 1998. In addition, the honey marketing assessments have been eliminated beginning with the 1994 crop. In fiscal year 1993, \$1.1 million was collected in honey marketing assessments.

Legislation proposed by the Administration now before the Congress, would eliminate the honey program after the 1995 crop of honey. After December 31, 1995, the Secretary would no longer provide loans or payments for honey by using funds of the Commodity Credit Corporation or under authority of any law. Honey eligible for nonrecourse loans, marketing loans, or loan deficiency payments would be restricted to 75% and 50% for the 1994 and 1995 marketing years, respectively. Recourse loans would cover the difference.

OBRA-93 also affected the wool and mohair programs. OBRA-93 limits the maximum amount of incentive payments that an individual can receive to \$125,000 and \$100,000 for the 1994 and 1995 marketing years, respectively. Also, the USDA is prohibited from deducting certain marketing charges (coring, grading and commissions) in determining net sales proceeds and the national payment rates for shorn wool and shorn mohair. Furthermore, OBRA-93 eliminates the marketing assessment for wool and mohair beginning with the 1993 marketing year.

In addition to the OBRA-93, the National Wool Act Amendments of 1993 (P.L. 103-130) effectively repeals the National Wool Act of 1954. The Secretary of Agriculture, beginning January 1, 1996, may not provide loans or payments for wool or mohair by using funds of the Commodity Credit Corporation or under authority of any law. Payments to wool and mohair producers will be restricted to 75 percent and 50 percent of the traditionally-calculated sum for the 1994 and 1995 marketing years, respectively. Recourse loans though, will be made available for the 1994 and 1995 marketing years to wool and mohair producers at no net cost to the Federal government.

8. There are several characteristics of CCC operations which are important in analyzing its budget characteristics and processes.
 - a. CCC deals with millions of producers and utilizes the services of thousands of banks, processors, carriers, exporters, handlers, warehousemen, and others.
 - b. CCC operations involve the handling of millions of documents and transactions during a 12-month period.
 - c. CCC workload is regular. Commodities must be moved, producer payments must be made, warehouse and freight charges must be paid, claims must be settled, and loans must be made and liquidated.
 - d. The manner in which CCC inventories of individual commodities are handled and merchandised is of key importance to both domestic and foreign markets.
 - e. Operating policies directly affect the day-to-day business operations of the many thousands of warehouses, elevators, handlers, processors, banks, exporters, importers, carriers, cooperatives, and others with which business dealings are conducted.
 - f. Trade customs and practices with respect to individual commodities must be observed in operations.
 - g. To support prices, CCC generally makes nonrecourse loans to producers which bear no interest if the borrower does not repay them, and which are fully settled by delivery of the commodity to CCC at maturity of the loans.

h. CCC operations are big:

- (1) The Corporation has an authorized capital stock of \$100 million held by the United States and authority to have outstanding borrowings of up to \$30 billion at any one time. Its capital structure is replenished each year by appropriations, usually to restore realized losses on support operations, and to reimburse costs of other programs.
- (2) Its commodity loans and purchases in fiscal year 1993 amounted to \$10.8 billion. Of total purchases, \$0.1 billion was for commodity certificates transferred from the loan account. These certificate purchases represent a required accounting transaction to show the effect on inventory of certificates used to redeem outstanding commodity loans. The associated reduction in outstanding loans is recorded as a loan repayment receipt, which fully offsets the inventory purchase expenditure. Therefore, no net expenditures result from this required certificate accounting treatment. Sales proceeds totaled \$1.2 billion of which \$0.1 billion was for commodity certificates.

Certificate sales proceeds reflect the certificate issuance value, and like certificate purchases, represent a required accounting transaction to show the effect on inventory of certificate redemptions. The Corporation had outstanding loans on commodities of \$2.7 billion and owned commodities with a cost value of \$1.4 billion on September 30, 1993.

i. Export Credit Guarantees

Under the short-term Export Credit Guarantee Program (GSM-102), CCC guarantees (for up to 3 years) payments due U.S. exporters, or their assignees (U.S. financial institutions), from defaults in payments by foreign banks on export credit sales due to commercial, as well as, noncommercial risks. In fiscal year 1986, an intermediate export credit guarantee program was established under which CCC guarantees payments on export credit with repayment terms up to 10 years (GSM-103). To date, no guarantees have been authorized for periods of more than 7 years.

Total commitments in fiscal year 1993 were \$3.882 billion for the GSM-102 program and \$238.9 million for the GSM-103 program. As required by the Food, Agriculture, Conservation, and Trade Act of 1990, the program level for fiscal year 1993 is established at \$5 billion for the short-term export credit guarantee program (GSM-102) and \$500 million for the intermediate export credit guarantee program (GSM-103).

An additional \$1 billion of credit guarantees is required for emerging democracies for the period fiscal year 1991 through fiscal year 1995. The budget assumes \$200 million of guarantees will be made available in fiscal year 1994 and fiscal year 1995 for this purpose.

The 1995 budget is the fourth budget that reflects credit reform procedures for federal credit programs authorized by the Budget Enforcement Act of 1990, Title XIII of the Omnibus Budget Reconciliation Act of 1990. Basically, these procedures require that budget authority and outlays for these programs represent subsidy costs, such as claims and

administrative expenses, rather than claim disbursements and repayments. The appropriation language will also specify the portion of the requested budget authority to be used for administrative expenses. Budget authority for the subsidy represents the present value of CCC's estimated net cashflows over the lifetime of the loan, whereas outlays represent the portion of the subsidy related to the claim amount disbursed within the year. Budget authority and outlays for the subsidies are presented in the Budget in "loan program accounts." All claim disbursement and repayment activity related to loans made in fiscal year 1992 or later appear in a "financing account" and are considered "off-budget" for purposes of estimating the deficit. Budget authority and outlays for existing (pre-fiscal year 1992) portfolios of guarantees and claims are reflected in the budget in "liquidating accounts" and are calculated as before, to represent disbursements and borrower repayments.

j. Direct Export Credit

Under the short-term export credit sales program (GSM-5), CCC may provide direct financing on terms not to exceed three years for the commercial sales of agricultural commodities from private stocks. There has been no new direct credit program since fiscal year 1985.

k. Net Expenditures

Commodity Credit Corporation net expenditures for fiscal year 1995, in the current law baseline, are estimated at \$9.0 billion, down \$3.1 billion from a level of \$12.1 billion in fiscal year 1994.

Over one-half of the net decrease in projected fiscal year 1995 expenditures from the estimated fiscal year 1994 level is due to a decrease in disaster payments which are estimated to decline from approximately \$2.65 billion in fiscal year 1994 to \$1.0 billion in fiscal year 1995. The decrease in fiscal year 1995 expenditures is also due to projected spending decreases in the rice and tobacco programs. Reductions in rice program expenditures occur because of higher world and domestic prices due in part to the first purchases of U.S. rice by the Japanese, which are expected to decrease participation in the loan and loan deficiency programs. The decrease in tobacco program expenditures is due to an estimated decrease in tobacco loans made in fiscal year 1995 as compared with fiscal year 1994, coupled with an increase in loan repayments.

These decreases are partially offset by an increase in feed grain program outlays reflecting a return to more normal weather and yields for the 1994 crop.

The budget reflects legislation to reform the crop insurance program and eliminate the need for ad hoc disaster payments. Without crop insurance reform, outlays for disaster payments of \$1.0 billion annually are assumed to continue in fiscal years 1995 through 1999.

The following table shows CCC net expenditures by commodity and program for fiscal years 1993 through 1995.

COMMODITY CREDIT CORPORATION
FISCAL YEAR 1995 PRESIDENT'S BUDGET
FY 1993 ACTUAL, FY 1994 AND FY 1995 ESTIMATED EXPENDITURES
(thousands of dollars)

Item	FY 1993 ACTUAL	FY 1994 ESTIMATED	FY 1995 ESTIMATED
Corn.....	5,142,740	580,833	1,353,497
Grain Sorghum.....	410,310	125,595	153,534
Barley.....	185,639	212,230	128,537
Oats.....	15,525	7,349	4,590
Corn Products.....	9,256	10,117	
Sorghum Products.....	-20		
Oat Products.....	1,190	913	
Feed Grains and Products.....	5,764,640	937,037	1,640,158
Wheat and Products.....	2,184,644	1,988,684	1,891,851
Rice.....	886,939	820,427	314,074
Upland Cotton.....	2,238,814	1,669,970	1,160,426
Tobacco.....	235,423	403,171	-183,070
Honey.....	22,141	7,553	-3,774
Dairy.....	252,736	256,450	263,860
Soybeans.....	108,992	-146,842	-57,260
Sugar.....	-34,899	-23,917	-32,816
Peanuts.....	-13,241	97,233	31,543
Export Guarantee Program--Liquidating..	453,485	400,234	-42,094
Export Guarantee Subsidies.....	537,700	368,920	399,599
Short-Term & Intermediate Export Credit	-1,909	-78,670	-78,670
Market Promotion Program.....	168,727	123,867	75,000
Export Enhancement Program.....	886,880	1,000,000	1,000,000
Storage Facility.....	-2,266		
Interest.....	129,481	134,956	89,814
CCC Operating Expenses.....	12,066	12,349	7,855
Change in Working Capital.....	517,288	442,000	960,000
Livestock Assistance (Cash).....	55,384	50,000	
Forage and Tree Assistance Programs (1988--1992 Disaster).....	16,860	6,845	
Crop Disaster Assistance.....	872,202	2,645,608	1,000,000
All Other.....	575,204	804,567	422,745
Subtotal, Support and Related.....	15,867,291	11,920,442	8,859,241
Wool.....	179,305	197,952	137,417
TOTAL Net Expenditures, CCC.....	16,046,596	12,118,394	8,996,658
Farm program legislation.....	---	---	-500,000
Adjusted TOTAL Net Expenditures, CCC...	16,046,596	12,118,394	8,496,658

Minus (-) indicates a net receipt (excess of repayments or other receipts over gross outlays of funds).

Deficiency, Diversion and Disaster Payments

In fiscal year 1993, direct payments to producers totaled \$9,478.6 million, an increase of \$3,029.8 million from payments issued in fiscal year 1992. Deficiency and diversion payments were made in a combination of cash and CCC commodity certificates in fiscal years 1986 through 1990, as authorized by the Food Security Act of 1985. In fiscal year 1993, 1992 and 1993 crop payments were issued in cash and estimated deficiency payments for fiscal year 1994 and 1995 are in cash also. Fiscal year 1993 includes residual certificate activity for pre-1990 crop years.

The following table shows CCC deficiency, diversion and disaster payments made in cash and certificates for fiscal years 1993 through 1995.

COMMODITY CREDIT CORPORATION
Deficiency, Diversion, and Disaster Payments Made in Cash and Certificates
Fiscal Years 1993-1995
(thousands of dollars)

	FY 1993 Actual		FY 1994 Estimate		FY 1995 Estimate	
	Cash	Certificates	Cash	Certificates	Cash	Certificates
Deficiency Payments	8,606,847	-616	4,347,404	0	4,732,674	0
Diversion Payments	100	107	0	0	0	0
Subtotal	8,606,947	-509	4,347,404	0	4,732,674	0
Disaster Payments:						
1986 crop and prior	2	40	0	0	0	0
1988 crop year	-181	0	0	0	0	0
1989 crop year	958	-94	0	0	0	0
1990-92 crop yrs	767,033	0	50,000	0	0	0
1993 crop year	104,392	0	2,095,608	0	0	0
1994 crop year	0	0	500,000	0	500,000	0
1995 crop year	0	0	0	0	500,000	0
Total Disaster Payments	872,204	-54	2,645,608	0	1,000,000	0
Total	9,479,151	-563	6,993,012	0	5,732,674	0

ADP Activities

ADP in ASCS is integral to the agency's long range Information Resources Management Plan. The plan calls for the utilization of modern technology wherever it is feasible and cost-beneficial. ASCS has implemented a national network of computer systems in support of CCC operations. All State and county ASCS offices now utilize computer-based procedures to conduct day-to-day support to producers. This distributed network approach has dramatically reduced the agency's previous dependency upon traditional hand prepared forms and documents.

Most farm and producer data are currently maintained on the county office computers for processing purposes only and are automatically accessed, used, and updated simultaneously while servicing the producers. This platform reached the end of its original system life in 1992. The agency is in the process of identifying technologies that can be used to extend the system life of this platform until updated technology can be acquired and implemented. The acquisition of replacement technology will be coordinated under USDA's Info Share Program.

In 1995, ADP equipment and related ADP services previously funded by CCC, are proposed for funding through a direct appropriation to ASCS Salaries and Expenses.

COMMODITY CREDIT CORPORATION

The estimates include appropriation language for this item as follows: (new language underscored; deleted matter enclosed in brackets):

COMMODITY CREDIT CORPORATION EXPORT LOANS PROGRAM ACCOUNT
(INCLUDING TRANSFERS OF FUNDS)

For administrative expenses to carry out CCC's Export Guarantee Program, GSM 102 and GSM 103, [\$3,381,000] \$3,437,000; to cover common overhead expenses as permitted by section 11 of the Commodity Credit Corporation Charter Act and in conformity with the Federal Credit Reform Act of 1990, of which not to exceed [\$2,792,000] \$2,837,000 may be transferred to and merged with the appropriation for the salaries and expenses of the General Sales Manager, and of which not to exceed [\$589,000] \$600,000 may be transferred to and merged with the appropriation for the salaries and expenses of the Agricultural Stabilization and Conservation Service.

CCC Loans Program Account

	<u>Guaranteed Loan Levels</u>	<u>Subsidy</u>	<u>Administrative Expenses</u>
Amount, 1994.....	\$5,700,000,000	\$403,238,000	\$3,381,000
Amount, 1995.....	<u>5,700,000,000</u>	<u>394,393,000</u>	<u>3,437,000</u>
Increase or Decrease in Amount.....	<u>---</u>	<u>-\$8,845,000</u>	<u>+\$56,000</u>

SUMMARY OF INCREASES AND DECREASES

(On basis of loan levels, subsidies and administrative expenses)

<u>Item of Change</u>	<u>1994 Estimated</u>	<u>Program Changes</u>	<u>1995 Estimated</u>
Guaranteed Loan Levels...	\$5,700,000,000	---	\$5,700,000,000
Guaranteed Loan Subsidy..	403,238,000	-\$8,845,000	394,393,000
Re-estimate for the 1992 Program Subsidy.....	-3,224,000	+3,224,000	---
Interest on Re-estimate of Subsidy.	-118,000	+118,000	---
Administrative Expenses Transferred To:			
OGSM.....	2,792,000	+45,000	2,837,000
ASCS.....	<u>589,000</u>	<u>+11,000</u>	<u>600,000</u>
Total, Admin. Expenses	<u>\$3,381,000</u>	<u>+\$56,000</u>	<u>\$3,437,000</u>

PROJECT STATEMENT
(On basis of appropriation)

Project	1993 Actual	1994 Estimated	Increase or Decrease	1995 Estimated
Guaranteed Loan Levels.....	\$5,700,000,000	\$5,700,000,000	---	\$5,700,000,000 ^{a/}
Guaranteed Loan Subsidy.....	388,170,000	403,238,000	(1) -\$8,845,000	394,393,000 ^{a/}
Re-estimate for the 1993 Program Subsidy.....	327,430,000	-3,224,000	(2) +3,224,000	---
Interest on Re-estimate of Subsidy	36,464,000	-118,000	(2) +118,000	---
Administrative Expenses Transferred To:				
OGSM.....	2,731,000	2,792,000	+45,000	2,837,000
ASCS.....	589,000	589,000	+11,000	600,000
Total, Appropriated, Admin. Expenses	\$3,320,000	\$3,381,000	(3) +\$56,000	\$3,437,000
Total, Appropriation	\$755,384,000	\$403,277,000	-\$5,447,000	\$397,830,000

^{a/} Permanent Indefinite authority: These amounts are mandatory under the FACT Act of 1990 and therefore are excluded from the requirement for advance appropriations. For this reason, both loan levels and subsidy have been excluded from appropriations language.

JUSTIFICATION OF INCREASES AND DECREASES

- (1) A decrease of \$8,845,000 in the program account subsidy estimate of need (\$403,238,000 available in 1994).

Need for Change. Prior to fiscal year 1992, guaranteed loans were accounted for on a cash basis. Under Credit Reform, which was authorized by The Budget Enforcement Act of 1990 (Title XIII of the Omnibus Budget Reconciliation Act of 1990), all subsidy costs arising from GSM-102 and GSM-103 commitments made in fiscal year 1992 and beyond will be recorded in a separate guarantee loan program account. In addition, subsidy rates will be recalculated annually to reflect updated Treasury interest rates and assumptions regarding defaults and repayments. The subsidy reflects an estimate of the net present value of cash flows over the life of the loan. Annual costs to operate and manage the loan programs are also included in this appropriation account. The change for 1995 reflects a recalculation of subsidy based on new program assumptions.

Nature of Change. This recalculation results in a decrease of \$8,845,000 for the subsidy portion of the Export Guarantee Loans program.

- (2) An increase of \$3,224,000 in the technical re-estimate for subsidy and an increase of \$118,000 in associated interest (-\$3,224,000 and -\$118,000 for technical re-estimate and interest, respectively, available in 1994). Re-estimates of the 1992, 1993 and 1994 program subsidies and associated interest will be determined at the end of fiscal year 1994 and shown in the fiscal year 1996 President's Budget.
- (3) An increase of \$56,000 for administrative expenses (\$3,381,000 in 1994). Administrative funds are transferred to OGSM and ASCS for making and servicing of export credits. The increase in estimated administrative expenses transferred to OGSM is \$45,000 and the increase in estimated administrative expenses transferred to ASCS is \$11,000.

JUSTIFICATION OF INCREASES AND DECREASES
Realized Losses, Fiscal Years 1992 and 1993

Item	Fiscal Year 1992	Increases and Decreases	Fiscal Year 1993
Support and related programs:			
Commodity inventory operations:			
Losses or gain (+) on sales.....	267,543,556	-161,879,807 (1)	105,663,749
Domestic donations.....	363,867,516	-71,649,526 (2)	292,217,990
Export donations.....	353,203,632	229,320,582 (3)	582,524,214
Storage and handling expense.....	122,195,212	-35,480,978 (4)	86,714,234
Transportation expense.....	23,307,227	-6,522,273 (5)	16,784,954
Total commodity inventory operations.....	1,130,117,143	-46,212,002	1,083,905,141
Loans written off.....	94,092,034	175,521,394 (6)	269,613,428
Producer storage payments.....	17,284,116	-8,300,135 (7)	8,983,981
FCIC crop indemnity payments.....	338,000,000	162,000,000 (8)	500,000,000
Eradication of animal & plant disease.....	18,110,850	-4,200,705 (9)	13,910,145
Disaster payments pre-1986 crop (cash):			
Feed grains.....	0	2,253	2,253
Wheat.....	0	0	0
Rice.....	0	14	14
Upland cotton.....	62	-62	0
Total disaster payments (cash).....	62	2,205 (10)	2,267
Deficiency payments (cash):			
Corn.....	3,819,718,770	-1,708,067,734	2,111,651,036
Grain sorghum.....	328,532,794	-80,666,479	247,866,315
Barley.....	142,723,305	84,956,563	227,679,868
Oats.....	14,029,970	-4,620,351	9,409,619
Wheat.....	1,382,051,931	561,785,476	1,943,837,407
Rice.....	556,879,253	71,689,014	628,568,267
Upland cotton.....	1,114,935,343	-554,958	1,114,380,385
Extra long staple cotton.....	5,637,000	8,059,585	13,696,585
Total deficiency payments (cash).....	7,364,508,366	-1,067,418,884 (11)	6,297,089,482
Diversion payments (cash):			
Corn.....	-14,722	75,402	60,680
Grain sorghum.....	3,266	1,575	4,841
Barley.....	183	1,339	1,522
Oats.....	330	230	560
Wheat.....	-15,546	3,437	-12,109
Rice.....	-503	771	268
Upland cotton.....	645	1,280	1,925
Dairy.....	-86,686	128,775	42,089
Total diversion payments (cash).....	-113,033	212,809 (12)	99,776
Loan deficiency payments (cash):			
Rice.....	64,539,897	193,296,602 (13)	257,836,499
Upland cotton.....	522,806,023	-351,997,005 (14)	170,809,018
Honey.....	2,515,211	3,712,743 (15)	6,227,954
Soybeans.....	2,000,000	-4,000,000 (16)	-2,000,000
Barley.....	0	942 (17)	942
Wheat.....	0	2,000,000 (18)	2,000,000
Minor oilseeds:			
Flaxseed.....	429,922	1,439,833	1,869,755
Sunflower seed - oil.....	14,832,414	-29,298,523	-14,466,109
Sunflower seed - non-oil.....	-1,372,705	1,176,899	-195,806
Canola seed.....	-210,850	-184,700	-395,550
Rapeseed.....	-221,368	217,637	-3,731
Mustard seed.....	7,166	-9,768	-2,602
Total minor oilseeds.....	13,464,579	-26,658,622 (19)	-13,194,043
Total loan deficiency pymts (cash).....	605,325,710	-183,645,340	421,680,370
Rice marketing payments.....	0	36,145,708 (20)	36,145,708
Up. cotton user marketing pymts (cash).....	140,292,848	-26,698,851 (21)	113,593,997
Dairy termination program.....	2,380,738	-2,376,946 (22)	3,792
Livestock emergency assistance.....	104,208,694	-44,577,582 (23)	59,631,112

JUSTIFICATION OF INCREASES AND DECREASES
Realized Losses, Fiscal Years 1992 and 1993

Item	Fiscal Year 1992	Increases and Decreases	Fiscal Year 1993
Cost/share burning pear program.....	47,454	-47,543 (24)	-69
Forage assistance program.....	-1,254	1,254 (25)	0
88-89 Tree assistance program.....	-2,085,513	3,387,994 (26)	1,302,481
Emerging democracies tech assist.....	9,985,230	-213,827 (27)	9,771,403
Market promotion program (cash).....	196,326,069	-27,599,898 (28)	168,726,171
Export enhancement program (cash).....	575,637,122	298,889,952 (29)	874,527,074
Dairy export incentive (cash).....	24,424,817	110,182,658 (30)	134,607,475
Cost share assistance (cash).....	15,540	4,038 (31)	19,578
88 Crop disaster payments (cash).....	-811,924	630,904 (32)	-181,020
89 Crop disaster payments.....	-1,798,673	2,757,019 (33)	958,346
90-92 Crop disaster payments.....	-44	-224,838 (34)	-224,882
1993 Crop disaster - CCC funding.....	0	1,000,000,000 (35)	1,000,000,000
TOTAL CASH PAYMENTS (10-35 Above)....	9,018,342,209	99,410,832	9,117,753,041
Deficiency payments (certificates):			
Corn.....	-406,643	516,692	110,049
Grain sorghum.....	-42,501	18,946	-23,555
Barley.....	-40,402	36,063	-4,339
Oats.....	-7,420	7,137	-283
Wheat.....	-277,628	163,391	-114,237
Rice.....	-19,343	-77,588	-96,931
Upland cotton.....	-170,683	-316,352	-487,035
Total deficiency payments (certificates)...	-964,620	348,289 (36)	-616,331
Diversion payments (certificates):			
Corn.....	-169,151	279,013	109,862
Grain sorghum.....	-12,956	12,123	-833
Barley.....	-1,228	-1,162	-2,390
Oats.....	-406	406	0
Wheat.....	-12,393	12,278	-115
Total diversion payments (certificates)....	-196,134	302,658 (37)	106,524
Upland cotton loan deficiency cert.....	-6,226	-133,712 (38)	-139,938
Upland cotton user marketing cert.....	0	91,640,113 (39)	91,640,113
Rice marketing certificates.....	-1,372	1,372 (40)	0
Emergency feed certif. program.....	-8,869	8,869 (41)	0
Export enhancement certificates.....	595,193,731	-594,441,430 (42)	752,301
Market promotion certif. program.....	-9,872	12,276 (43)	2,404
Conservation reserve program cert.....	-177,668	-73,195 (44)	-250,863
89 Crop disaster assist. cert.....	-751,377	657,419 (45)	-93,958
86 Crop disaster assist. cert.....	-70,774	110,885 (46)	40,111
Dairy export incentive cert.....	33,164,892	-33,164,892 (47)	0
TOTAL CERTIFICATE PAYMENTS, NET (36-47 above).....	626,171,711	-534,731,348	91,440,363
TOTAL, ABOVE CASH/CERTIFICATE PAYMENTS (10-47 above).....	9,644,513,920	-435,320,516	9,209,193,404
Export enhance. prog. (non-cert).....	0	27,489 (48)	27,489
Emergency feed assistance program.....	-511,261	533,280 (49)	22,019
Conservation reserve program (non-cert):			
Cost-share assistance payments.....	123,993	-187,666	-63,673
Technical assistance payments.....	0	0	0
Annual rental (cash).....	-2,070	2,070	0
1988 Disaster cost sharing.....	0	0	0
Liquidated damages.....	-565,340	86,752	-478,588
Total conservation reserve.....	-443,417	-98,844 (50)	-542,261
Payment-in-kind entitlements.....	290	-5,137 (51)	-4,847

JUSTIFICATION OF INCREASES AND DECREASES
Realized Losses, Fiscal Years 1992 and 1993

Item	Fiscal Year 1992	Increases and Decreases	Fiscal Year 1993
Marketing loan write-offs:			
Upland cotton.....	320,288,472	158,291,936	478,580,408
Rice.....	57,114,345	149,867,750	206,982,095
Honey.....	5,159,219	2,592,569	7,751,788
Soybeans.....	2,870	9,954	12,824
Minor oilseeds:			
Flaxseed.....	195,731	-168,686	27,045
Sunflower seed - oil.....	1,069,647	-1,028,854	40,993
Sunflower seed - non-oil.....	106,045	-106,850	-805
Canola seed.....	17,865	-17,049	816
Rapeseed.....	0	-2	-2
Mustard seed.....	1,637	-1,637	0
Total minor oilseeds.....	1,390,925	-1,322,878	68,047
Total marketing loan write-offs.....	383,955,831	309,439,331 (52)	693,395,162
Milk marketing fee collection programs:			
Milk marketing fees (PL 97-253).....	121,972	-121,972	0
Milk marketing fees (PL 98-180).....	34,122	-34,327	-205
Milk marketing fees (PL 99-198).....	0	0	0
Milk marketing fees (PL 100-203).....	-22	22	0
Milk marketing fees (PL 100-202).....	0	0	0
Milk marketing fees (PL 101-624).....	-146,420,438	-55,798,041	-202,218,479
Total milk marketing fees.....	-146,264,366	-55,954,318 (53)	-202,218,684
Assessments:			
Malting barley.....	-7,019,135	-1,508,262	-8,527,397
Honey.....	-1,055,674	-7,910	-1,063,584
Sugar.....	-22,740,401	-3,761,562	-26,501,963
Peanuts.....	-11,586,226	1,009,873	-10,576,353
Tobacco.....	-24,294,681	2,257,225	-22,037,456
Total assessments.....	-66,696,117	-2,010,636 (54)	-68,706,753
Origination fees:			
Soybeans.....	-15,659,356	-2,424,221 (55)	-18,083,577
Minor oilseeds:			
Flaxseed.....	-241,555	40,817	-200,738
Sunflower seed - oil.....	-3,435,284	1,671,231	-1,764,053
Sunflower seed - non-oil.....	-507,039	475,001	-32,038
Canola seed.....	-59,627	13,099	-46,528
Rapeseed.....	-8,440	8,250	-190
Safflower seed.....	-1,315	1,112	-203
Mustard seed.....	-4,095	3,277	-818
Total minor oilseeds.....	-4,257,355	2,212,787 (56)	-2,044,568
Total loan origination fees.....	-19,916,711	-211,434	-20,128,145
Tobacco budget deficit assessment.....	258,525	-258,525 (57)	0
Ocean transportation for section 416 export donations.....	137,071,680	215,159,000 (58)	352,230,680
Hazardous Waste Expense.....	30,000,000	-57,056,216 (59)	-27,056,216
Food for Progress expense - Russia.....	0	385,000,000 (60)	385,000,000
Other program expense (net).....	82,717,985	-12,526,798	70,191,187
Interest (net).....	47,011,861	32,680,184 (61)	79,692,045
Operating expenses (net).....	84,707,039	22,072,095 (62)	106,779,134
Adjustment for lag activity.....	-97,319,402	97,319,402 (63)	0
Total gross realized losses.....	11,676,690,000	777,596,909	12,454,286,909
Offsetting income from FY 1988 "Operating Expenses" advance approp.....	0	0	0
Net realized losses.....	11,676,690,000	777,596,909	12,454,286,909

Minus (-) indicates gain or adjustment to prior year

Note: The above table reflects revisions which were made to fiscal year 1992 realized losses subsequent to the completion of last year's notes.

Source: Profit & Loss Workpapers

The above analysis of realized losses covers the difference between the actual 1992 and 1993 losses of the Corporation. The analysis reflects revisions which were made to fiscal year 1992 realized losses subsequent to the completion of last year's notes. The fiscal year 1993 appropriations act (P.L. 102-341) provided \$9,200,000,000 to restore the balance of 1990 losses and to partially restore the unreimbursed balance of fiscal year 1991 losses. The fiscal year 1994 appropriations act (P.L. 103-111) provided \$18,000,000,000 to fully restore the unreimbursed balance of fiscal year 1991 losses of \$3,020,385,851 and fiscal year 1992 losses of \$11,675,965,395, and to partially restore fiscal year 1993 losses in the amount of \$3,303,648,754.

The Budget proposes a current, indefinite appropriation to reimburse the Corporation for net realized losses in fiscal year 1995. This appropriation, authority for which has already been enacted by Congress in the Omnibus Budget Reconciliation Act of 1987, would give CCC the flexibility to request funds as needed from Treasury to avoid any operating disruptions due to a lack of sufficient funds.

Explanations of increases and decreases in realized losses from fiscal year 1992 to fiscal year 1993 follow:

- (1) A decrease of \$161,879,807 in losses on sales (\$267,543,556 in 1992).
This decrease is attributed mainly to the substantial decrease in the sales of CCC-owned corn and dairy products (primarily butter and nonfat dry milk), which decreased from the previous year to \$70.7 million. The decrease also reflects lower losses on certificate exchanges of \$21.8 million in fiscal year 1993, versus \$137.4 million in fiscal year 1992. The decrease in certificate losses was due to a decline in certificates available for exchange. Certificates are issued at the current market price for a particular commodity. Certificate holders can exchange certificates for CCC-owned commodities based on the market price at the time of redemption or redeem an outstanding CCC loan and receive a commodity quantity also based on the market price at the time of redemption. A loss is realized because the CCC book value, which includes redeemed loans valued at the loan rate, generally exceeds the value of the certificates as issued. In fiscal year 1993, CCC-owned commodities valued at \$141.5 million were redeemed with certificates valued at \$119.7 million. The \$21.8 million difference represents the loss on certificates issued primarily for upland cotton and rice. The remaining loss on sales in fiscal year 1993, \$13.2 million, includes losses on the sale from CCC inventory of wheat and rice.
- (2) A decrease of \$71,649,526 in domestic donations (\$363,867,516 in 1992).
This decrease primarily reflects decreased donations of wheat flour under Section 416 for the School Lunch, Institutions, and Special Donations to Needy Families programs due to lower wheat inventory availability. An increase in donations of corn products, honey and peanut products partially offset the decrease.
- (3) An increase of \$229,320,582 in export donations (\$353,203,632 in 1992).
This increase primarily reflects increased donations of corn, wheat, and rice, under the Food for Progress Program and Section 416(b) of the Agricultural Act of 1949 due to the approximately \$200 million 1992 humanitarian food assistance program to the former Soviet Union of which approximately 60% was obligated in fiscal year 1992 but not disbursed until fiscal year 1993. Fiscal year 1993 activity also includes the impact of the approximately \$660 million 1993 humanitarian food assistance program to the former Soviet Union. A decrease in donations of grain sorghum and vegetable oil slightly offset the increase.
- (4) A decrease of \$35,480,978 in storage and handling expense (\$122,195,212 in 1992). A decrease in expenses of \$36,697,844 for the commercial storage and handling of feed grains in fiscal year 1993 accounts for most of the

decrease. The continuing dispositions of corn resulted in lower CCC inventories and therefore lower storage and handling expenses.

- (5) A decrease of \$6,522,273 in transportation expense (\$23,307,227 in 1992). This decrease reflects lower transportation expenses for dairy partially offset by an increase in transportation expenses for wheat and feed grains.
- (6) An increase of \$175,521,394 in loans written off (\$94,092,034 in 1992). Fiscal year 1993 write-offs represent over \$258 million dollars written-off by the tobacco program. The Consolidated Omnibus Budget Reconciliation Act of 1985 authorized the CCC to reduce its tobacco loan holdings. Provided with substantial discounts to pre-1982 crop tobacco, U.S. cigarette manufacturers agreed to buy the inventory of the 1976-1984 crops from the tobacco loan associations. The remaining balance of the pre-1982 flue-cured crops were either sold or committed in fiscal year 1993. Also, \$10.7 million in loans to the 1992 peanut crop were written-off, with a small adjustments for upland cotton, rice, soybeans, wheat, grain sorghum and corn. The peanut write-offs primarily reflect disaster transfer assistance to producers who fail to fill their quota, and produce low grade peanuts. Relief is provided to these producers with the higher price support associated with edible type peanuts for their substandard peanuts.
- (7) A decrease of \$8,300,135 in producer storage payments (\$17,284,116 in 1992). With an overall decline in the bushels held in the reserve, producer storage payments continued to decrease. Entry of 1992 crop corn, grain sorghum, and barley into the reserve program partially offset the decrease.
- (8) An increase of \$162,000,000 in transfers to the Federal Crop Insurance Corporation (FCIC) (\$338,000,000 in 1992). The Federal Crop Insurance Corporation Act, as amended by the Food Security Act of 1985, authorizes the Secretary to use CCC funds at any time the moneys available to the Federal Crop Insurance Corporation are insufficient to pay claims of farmers for insured crop losses. The fiscal year 1993 losses reflect \$500,000,000 transferred to FCIC to pay claims in fiscal year 1993.
- (9) A decrease of \$4,200,705 in transfers to APHIS for animal and plant disease eradication (\$18,110,850 in 1992). One transfer was made to APHIS in fiscal year 1993 to fund portions of the Mediterranean fruitfly emergency eradication program.
- (10) An increase of \$2,205 in total cash disaster payments (\$62 in 1992). Fiscal year 1993 activity reflects an adjustment for 1984 crop upland cotton.
- (11) A decrease of \$1,067,418,884 in cash deficiency payments (\$7,364,508,366 in 1992). The \$1.1 billion decrease is mainly due to a decrease in 1993 crop deficiency payment losses as compared to 1992 crop losses partially offset by higher loss adjustments on the 1992 crop. The decrease in 1993 crop losses versus 1992 crop losses is due primarily to higher 1993 crop prices for corn, grain sorghum, and oats resulting in lower deficiency payment rates. By comparison, 1992 crop cash payment losses in fiscal year 1992 totaled \$7,244,769,000, an amount \$839,405,000 higher than 1993 crop cash payment losses. In fiscal year 1993, advance 1993 crop cash deficiency payments of \$3,968,537,308 were made representing 50 percent of total estimated 1993 crop deficiency payments for feed grains, wheat, upland cotton, ELS cotton, and rice. An additional \$2,436,826,692 in 1993 crop cash deficiency payments and \$10,000,000 in 1992 crop cash deficiency was established as a loss in fiscal year 1993 with payment to be made in fiscal year 1994.
- (12) An increase of \$212,809 in cash diversion payments (-\$113,033 in 1992). The fiscal year 1993 increase primarily reflects accounting adjustments for corn and dairy, partially offset by a negative adjustment for wheat.

- (13) An increase of \$193,296,602 in rice cash loan deficiency payments (\$64,539,897 in 1992). Authorized by the FSA, this payment was made to producers, who although eligible to obtain crop loans, agreed to forego them in exchange for the payment. The 1989 crop was the first year this authority was used for rice. Fiscal year 1990 was the first year payments were made, for a total of \$2,216,139. Most of the \$193.3 million increase is due to an increase in 1993 crop rice loan deficiency payment losses as compared to 1992 crop losses due to an increase in producer participation. The 1992 crop cash liability, which was originally recorded as a loss in fiscal year 1992, was underestimated by \$5,751,243, resulting in increased 1992 crop deficiency payment losses. Payments of \$44,927,292 were made for the 1993 crop. An additional \$207,072,708 in 1993 crop loan deficiency payments was established as a loss in fiscal year 1993 with payments to be made in fiscal year 1994.
- (14) A decrease of \$351,997,005 in upland cotton loan deficiency payments (\$522,806,023 in 1992). Authorized by the FSA, this payment is made to upland cotton producers who although eligible to obtain crop loans, forego them in exchange for the payment. Most of the decrease can be attributed to increased 1993 crop loan repayment rates, in comparison with the 1992 crop year, resulting in lower loan deficiency payment rates. The 1992 crop cash liability, which was originally recorded as a loss in fiscal year 1992, was overestimated by \$15,489,343 resulting in decreased 1992 crop deficiency payment losses. Payments of \$257,510,657 were made for the 1992 crop in fiscal year 1993. Payments of \$14,890,530 were also made for the 1993 crop. An additional \$156,109,470 in 1993 crop loan deficiency payments was established as a loss in fiscal year 1993 payments to be made in fiscal year 1994.
- (15) An increase of \$3,712,743 in honey loan deficiency payments (\$2,515,211 in 1992). Authorized by the FACT Act, this payment was made to producers, who although eligible to obtain 1991 crop loans, agreed to forego them in exchange for the payment. The 1991 crop was the first year this authority was used for honey. Most of the increase in honey loan deficiency payments is due to a decrease in the honey loan repayment rate which effectively raises the loan deficiency payment rate per pound. The 1992 crop cash liability, which was originally recorded as a loss in fiscal year 1992, was underestimated by \$1,467,237, resulting in increased 1992 crop deficiency payment losses. Payments of \$3,108,162 were made for the 1993 crop. An additional \$1,641,838 was established as a loss in fiscal year 1993 with payments to be made in fiscal year 1994.
- (16) A decrease of \$4,000,000 in soybean loan deficiency payments (\$2,000,000 in 1992). Authorized by the FSA, this payment was made to producers, who although eligible to obtain them, agreed to forego crop loans in exchange for the payment. The 1992 crop cash liability, which was originally recorded as a loss in fiscal year 1992, was overestimated by \$2,000,000, resulting in the \$2,000,000 credit adjustment in fiscal year 1993. No payments were made in fiscal years 1992 and 1993.
- (17) An increase of \$942 in barley loan deficiency payments (\$0 in 1992). Authorized by the FACT Act, as amended by the Omnibus Budget Reconciliation Act of 1990, this payment is made to feed grain producers who although eligible to obtain crop loans, agreed to forego them in exchange for payment. The 1993 crop was the first year this authority was used for feedgrains. Fiscal year 1993 activity reflects payments of \$942 for crop year 1993 barley.
- (18) An increase of \$2,000,000 in wheat loan deficiency payments (\$0 in 1992). Authorized by the FACT Act, as amended by the Omnibus Budget Reconciliation Act of 1990, this payment is made to wheat producers who although eligible to obtain crop loans, agreed to forego them in exchange for payment. The 1993 crop was the first year this authority was used for wheat. Cash payments of \$806,743 were made in fiscal year 1993. An additional of \$1,193,257 was

established as a loss in fiscal year 1993 with payments to be made in fiscal year 1994.

- (19) A decrease of \$26,658,622 in minor oilseed cash loan deficiency payments (\$13,464,579 in 1992). The Food, Agriculture, Conservation and Trade Act of 1990 provides for loan deficiency payments for each of the 1991-1995 crop years to minor oilseed producers who are eligible for price support loans but who agree to forgo the loans. The 1991 crop year was the first year of CCC cash loan deficiency payments for minor oilseeds, with \$3,148,694 in cash payments being made in fiscal year 1991. The decrease of \$26.7 million in fiscal year 1993 is due, in part, to lower production coupled with higher prices. Also, the 1992 crop cash liability, which was originally recorded as a loss in fiscal year 1992, was overestimated by \$14,782,700 resulting in decreased 1992 deficiency payment losses. Projected 1993 crop loan repayment rates are much higher for oil-type sunflower seed resulting in lower loan deficiency payment rates. Payments of \$237,573 were made for the 1991 crop in fiscal year 1993. Also in fiscal year 1993, payments of \$5,962,212 were made for the 1992 crop, and payments of \$248,118 were made for the 1993 crop. An additional \$1,102,966 in 1993 payments was established as a loss in fiscal year 1993 with payments to be made in fiscal year 1994.
- (20) An increase of \$36,145,708 in rice marketing payments (\$0 in 1992). Similar to upland cotton first handler certificates, whenever the world price for rice falls below the minimum loan repayment rate, the Secretary must issue negotiable marketing certificates to persons who have entered into agreements with the CCC to participate in the program. The value of each certificate is the difference between the repayment rate and the prevailing world market price. The increase of \$36.1 million reflects marketing certificate cash payments for the 1992 and 1993 crops.
- (21) A decrease of \$26,698,851 in upland cotton cash user marketing payments (\$140,292,848 in 1992). These payments are made to domestic users and exporters to keep U.S. cotton competitive in the world markets. Payments are determined by comparing U.S. and foreign prices and are based on actual cotton bales opened by domestic users or exported by exporters. The fiscal year 1993 loss reflects the value of user marketing cash payments and the decrease reflects implementation of a certificate program in addition to the cash program in fiscal year 1993 resulting in a shift in the payments mix. (also see explanation #39)
- (22) A decrease of \$2,376,946 in dairy termination payments (\$2,380,738 in 1992). The fiscal year 1993 loss represents additional program adjustments of \$3,792. Dairy termination payments, based on accepted bids submitted by producers, were made eligible producers who agreed to discontinue milk production for a period of five years. Payments ceased in fiscal year 1992.
- (23) A decrease of \$44,577,582 in livestock emergency assistance (\$104,208,694 in 1992). The decrease reflects 1993 and prior program liabilities of \$59,631,112 in fiscal year 1993. Estimated 1993 program liabilities are \$50,000,000 of which \$45,461,724 will be provided in fiscal year 1994. Payments made in fiscal year 1993 for the 1993 and prior programs totaled \$55,390,975.
- (24) A decrease of \$47,543 in cost-share burning prickly pear program (\$47,454 in 1992). Authorized by the 1989 Disaster Act this program is designed to provide emergency feed to livestock in Texas by providing cost-share assistance to burn the thorns from the prickly pear cactus to make it suitable for livestock feed. The fiscal year 1993 loss represents additional 1990 program adjustments of -\$89.
- (25) An increase of \$1,254 for the Forage Assistance Program (-\$1,254 in 1992). Authorized by the Disaster Assistance Act of 1988, this program provides

assistance to eligible livestock producers whose established pastures were damaged by drought or related conditions in 1988 and 1989.

- (26) An increase of \$3,387,994 for the Tree Assistance Program (-\$2,085,513 in 1992). Also authorized by the Disaster Assistance Act of 1988, this program provides assistance to eligible tree farmers who planted tree seedlings in 1987 or 1988 but lost these seedlings to drought or related conditions in 1988. The Disaster Assistance Act of 1989 extended this program for trees and seedlings lost as a result of freezing or related conditions in 1989. The Dire Emergency Supplemental Appropriations Act of 1992 extended the program to orchardists who lost trees or seedlings as a result of freeze, earthquake, or related conditions in 1990, 1991, or 1992. The increase reflects additional 1989 payments made in fiscal year 1993. Payments made in fiscal year 1993 for the 1989 program totaled \$1.3 million and payments for the 1992 program, which were funded by a supplemental appropriation, totaled \$15.6 million.
- (27) A decrease of \$213,827 for the emerging democracies technical assistance program (\$9,985,230 in 1992). The FACT Act of 1990, as amended authorized this program to provide technical assistance to at least three emerging democracies per year through 1995. The decrease reflects 1992 and 1993 expenses associated with the program. The 1992 program liability, which was originally recorded as a loss in fiscal year 1992, was overestimated by \$120,477 resulting in decreased losses in fiscal year 1993. Payments of \$7,258,918 were made in fiscal year 1993, which consisted of \$6,186,803 for the 1992 program and \$1,072,115 for the 1993 program. An additional \$8,819,765 was accrued as a loss in fiscal year 1993 with payments to be made in fiscal year 1994.
- (28) A decrease of \$27,599,898 in cash payments for the Market Promotion Program (\$196,326,069 in 1992). The Market Promotion Program (MPP) replaced the Targeted Export Assistance (TEA) Program in fiscal year 1991. The Food, Agriculture, Conservation, and Trade Act of 1990 authorizes the CCC to establish and carry out the MPP to help develop, maintain, and expand commercial markets for agricultural products through cost-share assistance to eligible trade organizations that implement a foreign market development program. The decrease reflects a reduction in the program level from \$200 million in fiscal year 1992 to \$147.7 million in fiscal year 1993.
- (29) An increase of \$298,889,952 in cash payments for the export enhancement program (\$575,637,122 in 1992). To combat unfair trade practices by foreign competitors, the Secretary is required by the FACT Act to make available to commercial exporters either CCC cash funds or CCC-owned commodities for bonus payments. The fiscal year 1993 increase reflects the value of export enhancement cash payments and the increase reflects a shift in the payment mix from certificates to exclusively cash in fiscal year 1993. (also see explanation #42)
- (30) An increase of \$110,182,658 in dairy export incentive cash payments (\$24,424,817 in 1992). Fiscal year 1993 activity reflects twelve months of cash payments made to U.S. exporters to meet prevailing world prices for targeted dairy products and destinations. This program, established in fiscal year 1985, required payments be made in cash or through the issuance of certificates. On November 6, 1991, CCC announced that payments for this program would be made exclusively with cash funds. (also see explanation #47)
- (31) An increase of \$4,038 for the multi-year cost share assistance program (\$15,540 in 1992). As authorized by the FACT Act of 1990, producers who plant perennial cover that is capable of improving water quality or wildlife habitat may receive payments to help defray the cost of establishing the cover. The increase reflects payments of \$19,578 made in fiscal year 1993.

- (32) An increase of \$630,904 in 1988 crop disaster payments made in cash (-\$811,924 in 1992). The fiscal year 1993 loss represents an additional negative accounting adjustment of \$181,020 for the 1988 crop disaster payments.
- (33) An increase of \$2,757,019 in 1989 crop disaster payments (-\$1,798,673 in 1992). Eligible producers who suffered crop losses in 1989 due to damaging weather or related conditions in 1988 or 1989 received disaster payments under the Disaster Assistance Act of 1989 (Public Law 101-82). The fiscal year 1993 loss represents adjustments for the 1989 program. The majority of 1989 crop disaster payments were made in certificates in fiscal year 1990. (also see explanation #45).
- (34) A decrease of \$224,838 in 1990 crop disaster payments (-\$44 in 1992). The decrease reflects adjustments for payments made to producers of any crop of Valencia oranges affected by a freeze in 1988 or 1989 or to producers on the Wind River Indian Reservation, Wyoming, who suffered losses due to lack of water as a result of Indian Tribal water rights adjudication.
- (35) An increase of \$1,000,000,000 in 1993 Crop Disaster - CCC Funding (\$0 in 1992). The Emergency Supplemental Appropriations for Relief from the Major, Widespread Flooding in the Midwest Act of 1993, P.L. 103-75, signed August 12, 1993, appropriated funds for 1993 crop losses due to damaging weather and related conditions occurring in 1993. An initial amount of appropriated funding was available immediately, with an additional amount made available after an official budget request was submitted by the President. The use of CCC funds was also authorized if extraordinary circumstances existed that warranted further assistance from CCC. The remaining portion of the funding appropriated by P.L. 103-75 was made available by request of the President on August 12, 1993. The use of CCC funds was also authorized on the same day. The fiscal year 1993 loss of \$1.0 billion represents the estimated CCC liability of payments to be made in fiscal year 1994 using this authority.
- (36) A net increase of \$348,289 in deficiency payments made in commodity certificates (-\$964,620 in 1992). The increase reflects accounting adjustments in fiscal year 1993 for 1986 through 1989 crop certificate payments.
- (37) A net increase of \$302,658 in diversion payments made in certificates (-\$196,134 in 1992). The increase represents adjustments made to payments for the 1986 through 1988 crop land diversion programs. No land diversion programs were in effect for the 1989 through 1993 crop years.
- (38) A decrease of \$133,712 in upland cotton loan deficiency payments made in certificates (-\$6,226 in 1992). The decrease represents adjustments for loan deficiency payments which were issued in certificates for the 1986 crop. Total certificate payments for the 1986 crop, including adjustments were \$65,095,051.
- (39) An increase in \$91,640,113 in upland cotton user marketing certificates (\$0 in 1992). User marketing certificates are issued to domestic users and exporters to keep U.S. cotton competitive in the world markets. The value of the certificates are determined by comparing U.S. and foreign prices and are based on actual cotton bales opened by domestic users or exported by exporters. The increase reflects implementation of the certificate program in fiscal year 1993 with no program in effect in fiscal year 1992. The 1991 crop cotton payments were \$75,812,561 million in fiscal year 1993, while the 1992 crop payments were \$15,431,625 million and the 1993 crop payments were \$395,927. (also see explanation #21)

- (40) An increase of \$1,372 in rice marketing certificates (-\$1,372 in 1992). The increase represents no adjustments for rice marketing certificates issued for the 1986 crop. Total program payments from fiscal year 1986 through 1993 were \$19,065,891.
- (41) An increase of \$8,869 in emergency feed certificates (-\$8,869 in 1992). In accordance with the FSA, as amended, CCC is authorized to make feed available for livestock and poultry in areas where feed grains are normally produced but unavailable due to natural disaster. No certificate adjustments were made to this program in fiscal year 1993.
- (42) A decrease of \$594,441,430 in Export Enhancement Program certificates (\$595,193,731 in 1992). To combat unfair trading practices by foreign competitors, the Secretary is required by the FACT Act to make available to commercial exporters either CCC cash funds or CCC-owned commodities for bonus payments. The fiscal year 1993 decrease reflects the shift in the payment mix from certificates to an exclusively cash basis in fiscal year 1993. (also see explanation #29)
- (43) An increase of \$12,276 in certificate payments for Market Promotion Program (-\$9,872 in 1992). The Market Promotion Program (MPP) replaced the Targeted Export Assistance (TEA) Program in fiscal year 1991. The Food, Agriculture, Conservation, and Trade Act of 1990 authorizes the CCC to establish and carry out the MPP to help develop, maintain, and expand commercial markets for agricultural products through cost-share assistance to eligible trade organizations that implement a foreign market development program. The MPP had a minimum program level of \$200 million in fiscal year 1992, with CCC cash funds being used to fund the program. The increase reflects additional certificate payment adjustments of \$2,404 in fiscal year 1993. (also see explanation #28)
- (44) A decrease of \$73,195 in Conservation Reserve Program certificates (-\$177,668 in 1992). This decrease reflects the accounting adjustments for annual rental payments and corn bonus payments issued in certificates. These adjustments relate to prior years' direct CCC financing of the program.
- (45) An increase of \$657,419 in 1989 crop disaster assistance certificates (-\$751,377 in 1992). The Disaster Assistance Act of 1989 (Public Law 101-82) authorized crop disaster payments to producers who suffered crop losses due to damaging weather or related conditions in 1988 or 1989. The fiscal year 1993 loss represents additional negative certificate issuance adjustments for the 1989 crop program.
- (46) An increase of \$110,885 in disaster assistance certificates for 1986 (-\$70,774 in 1992). The Omnibus Reconciliation Act of 1987 and the Farm Disaster Assistance Act of 1987 provided assistance, payable in generic certificates, to producers who experienced 1986 crop losses from natural disasters, or to producers who could not plant their 1987 crop due to a 1986 disaster. The majority of these payments were made in fiscal year 1987. The fiscal year 1993 loss reflects additional negative payment adjustments in connection with 1986 crop disasters.
- (47) A decrease of \$33,164,892 in dairy export incentive certificates (\$33,164,892 in 1992). Fiscal year 1993 losses was \$0. This program, established in fiscal year 1985, was modified by the Omnibus Trade and Competitiveness Act of 1988 to require payments made in commodities to be made through the issuance of generic certificates to U.S. exporters to meet prevailing world prices for targeted dairy products and destinations. The decrease reflects a shift in the payment mix to an exclusively cash basis in fiscal year 1993. (also see explanation #30).

- (48) An increase of \$27,489 for the Export Enhancement Program (non-certificate), (\$0 in 1992). Fiscal year 1993 losses were \$27,489. This program, implemented in fiscal year 1985, was modified in fiscal year 1986 whereby bonus payments to exporters may be made in kind or through generic certificates that may be redeemed for CCC-owned commodities.
- (49) An increase of \$533,280 in emergency feed assistance program (-\$511,261 in 1992). The fiscal year 1993 increase reflects payments of \$22,019 made in fiscal year 1993.
- (50) A decrease of \$98,844 for the Conservation Reserve Program (non-certificate) (-\$443,417 in 1992). This decrease reflects an increase of \$86,752 in liquidated damages collected, and adjustments of -187,666 to 1986/87 cost share assistance payments. Beginning in fiscal year 1988, a separate annual conservation reserve appropriation has been enacted with the funds advanced to CCC. As a result, program costs in fiscal year 1988 and subsequent years have been applied, by law, to the direct Conservation Reserve Program appropriation. In fiscal years 1986 and 1987, use of CCC funds was authorized and all losses were charged to CCC.
- (51) A net decrease of \$5,137 in Payment-in-Kind (PIK) program costs (\$290 in 1992). This amount is due to adjustments to 1983 and 1984 crop PIK activity.
- (52) An increase of \$309,439,331 in marketing loan write-offs (\$383,955,831 in 1992). The increase mainly reflects a decrease in the adjusted world price for upland cotton and rice. Since the marketing loan write-off rates is based on the difference between the original loan rate and a repayment rate which is linked to the adjusted world price, the world price decrease effectively raised the write-off rates for upland cotton and rice. There also was an increase for honey due to an decrease in the honey loan repayment rate. The FACT Act made 1991 and succeeding crop minor oilseeds also eligible for marketing loan write-offs. For fiscal year 1993, there was a decrease of \$1.3 million in marketing loan write-offs for minor oilseeds due to an increase in the repayment rates for minor oilseeds.
- (53) A net increase (larger gain) of \$55,954,318 in milk marketing fees (-\$146,264,366 in 1992). The increase in fiscal year 1993 reflects higher deductions during part of fiscal year 1993 which was applied to higher milk marketings. The Food, Agriculture, Conservation, and Trade Act of 1990 provided for a deduction on all milk marketed during calendar year 1993. The deduction for January through April was 11.25 cents per hundredweight, May through September was 16.35 cents per hundredweight, and October through December was 14.72 cents per hundredweight.
- (54) An increase (gain) of \$2,010,636 in assessments (-\$66,696,117 in 1992). Under the provisions of the Omnibus Budget Reconciliation Act of 1990, certain commodities (malting barley, honey, sugar, peanuts, and tobacco) have assessment programs which require the producer to pay a fee per unit of production in order to share program costs with the Government. The increase in fiscal year 1993 reflects twelve months of operation in fiscal year 1993 on both the 1992 and 1993 crops.
- (55) An increase (gain) of \$2,424,221 in soybean loan origination fees (-\$15,659,356 in 1992). The Omnibus Budget Reconciliation Act of 1990 amended the FACT Act of 1990 to place a loan origination fee equal to 2% of the national average loan level on the quantity of soybeans pledged as collateral for a price support loan or the quantity of soybeans on which a loan deficiency payment was made for each of the 1991-95 crop years. Subsequent legislation, the Omnibus Budget Reconciliation Act of 1993, amended the price support program so that loan origination fees only apply through the 1993 crop. Fiscal year 1991 was the first year the CCC collected loan origination fees on soybeans with fees based on the minimal amount of

1991 crop loans made in fiscal year 1991. The increase is due to higher 1992 crop loan activity in fiscal year 1993 versus 1991 crop loan activity in fiscal year 1992.

- (56) A decrease (smaller gain) of \$2,212,787 in minor oilseed loan origination fees collected (-\$4,257,355 in 1992). The Omnibus Budget Reconciliation Act of 1990 amended the FACT Act of 1990 to place a loan origination fee equal to 2% of the national average loan level on the quantity of oilseeds pledged as collateral for a price support loan or the quantity of oilseeds on which a loan deficiency payment was made for each of the 1991-95 crop years. Subsequent legislation, the Omnibus Budget Reconciliation Act of 1993, amended the price support program so that loan origination fees only apply through the 1993 crops. The decrease of collections in fiscal year 1993 reflects higher market prices and lower production, which reduced participation in the loan and loan deficiency programs.
- (57) An increase (gain) of \$258,525 for tobacco budget deficit assessments collected (\$258,525 in 1992). The fiscal year 1993 amount reflects no adjustments to assessments collected for 1989 crop flue-cured and burley tobaccos required by the Agricultural Reconciliation Act of 1987 in order to reduce CCC outlays. In lieu of a 1.4 percent reduction in the price support level of tobacco, the 1987 Act allowed the Secretary to impose assessments on tobacco producers and purchasers which would achieve an equal reduction.
- (58) An increase of \$215,159,000 in ocean transportation expense for Section 416 export donations (\$137,071,680 in 1992). The increase is mainly due to an increase in metric tonnage shipped in 1993, due to the approximately \$200 million humanitarian food assistance program to the former Soviet Union of which approximately 60% was obligated in 1992 but not shipped until fiscal year 1993. Fiscal year 1993 activity also includes the impact of the approximately \$660 million 1993 humanitarian food assistance program to the former Soviet Union. Metric tonnage increased particularly in the donation of corn, wheat, and rice.
- (59) A decrease of \$57,056,216 for the Hazardous Waste Management Program (\$30,000,000 in 1992). The Environmental Protection Agency (EPA) has designated CCC the potentially responsible party for groundwater contamination near four former Corporation grain storage locations. In fiscal year 1992, CCC estimated its liability for cleanup costs could reach \$30 million from fiscal year 1992 through 1998 for operations and maintenance costs associated with the Department's hazardous waste management program. The fiscal year 1992 losses included an accrual of \$29 million representing CCC's liability for fiscal year 1992 through 1998 cleanup costs. CCC's newly adopted policy of not accruing for future year expenses for this activity resulted in the 1992 accrual being restated to \$.5 million in fiscal year 1993. Other hazardous waste management costs are being paid for by the USDA Hazardous Waste Management appropriation.
- (60) An increase of \$385,000,000 in Food for Progress expense (\$0 in 1992). As part of a \$1,600,000,000 U.S. assistance package to Russia announced by the President in April 1993, \$700,000,000 in assistance was furnished by the Food for Progress (FFP) authority. The \$385,000,000 loss represents a one-time subsidized cost of commodity credits and ocean freight differential which was accomplished via a funds transfer from CCC.
- (61) An increase of \$32,680,184 in net interest expense (\$47,011,861 in 1992). A decrease in commodity loan interest income due to a lower commodity loan repayment rate and a large decrease in miscellaneous interest income contributed to the overall increase. This increase was partially offset by a reduced average interest rate paid on borrowings from Treasury (3.50% in 1993 versus 4.70% in 1992).

- (62) A decrease of \$22,072,095 in operating expenses (\$84,707,039 in 1992).
Lower miscellaneous operating expenses, including a \$12 million reduction in automated data processing nonexpendable property expenses, are primarily responsible for the decrease.
- (63) An increase of \$97,319,402 in adjustment for accounting "lag" activity
(-\$97,319,402). The increase reflects the impact of accounting adjustments in fiscal year 1992 which have not yet been made in fiscal year 1993.

RECONCILIATION TO BUDGET AUTHORITY

The analysis on the preceding pages of realized losses covers the differences between the actual 1992 and 1993 losses of the Corporation. The 1992 losses have been fully reimbursed and the 1993 losses have been partially reimbursed. Regardless of whether appropriations made to CCC are to restore losses or are for other purposes, the Corporation must record losses in its books for numerous required purposes, including the computation of capital impairment.

The following table reconciles budget authority with appropriations:

	(thousands of dollars)	
	<u>1994</u>	<u>1995</u>
Appropriation (for realized losses)...	\$18,000,000	\$15,500,000 ^{a/}
Portion applied to CCC debt reduction.	<u>-18,000,000</u>	<u>-15,500,000</u>
Adjusted Appropriation.....	---	---
Adjustments.....		
Authority to borrow.....	+10,872,435	+8,827,202
CCC Export Guarantee Liquidating Account appropriation.....	---	---
CCC Export Loans Program Account....	+403,277	+397,830
National Wool Act appropriation.....	<u>+179,305</u>	<u>+197,952</u>
Budget Authority (net).....	<u>\$11,455,017</u>	<u>\$ 9,422,984</u>

^{a/} Proposed to be reimbursed through current, indefinite appropriation as authorized by the Omnibus Budget Reconciliation Act of 1987.

The following tables reflect actual and estimated losses by commodity and program for fiscal years 1992 through 1995.

Fiscal Year 1992 - Actual (millions of dollars)

ITEM	TOTAL	FEED GRAINS AND PRODUCTS	WHEAT AND PRODUCTS	RICE	UPLAND COTTON	DAIRY PRODUCTS	ALL OTHER COMMODITIES AND PROGRAMS a/
Program Costs:							
Gain (-) or loss on sales	267.5	113.6	14.9	16.6	12.9	103.3	6.2
Domestic donations	363.9	10.4	60.8	3.0	—	252.0	37.7
Export donations	353.2	181.9	4.3	2.8	—	145.9	18.3
Storage and handling	122.2	55.8	40.0	0.2	0.1	25.7	0.4
Transportation	23.3	-0.1	-0.1	0.1	—	23.3	0.1
Loans written off	94.1	—	—	—	-0.2	—	94.3
Cash deficiency payments	7,364.5	4,305.0	1,382.1	556.9	1,114.9	—	5.6
Cash loan deficiency payments	605.3	—	—	64.5	522.8	—	18.0
User Marketing cash payments	140.3	—	—	—	140.3	—	—
Dairy termination program	2.4	—	—	—	—	2.4	—
Producer storage payments	17.3	2.7	14.6	—	—	—	—
FCIC crop indemnity payments	338.0	—	—	—	—	—	338.0
Livestock assistance	104.3	—	—	—	—	—	104.3
Export enhancement program certificates	595.2	—	—	—	—	—	595.2
Export enhancement program cash payments	575.6	—	—	—	—	—	575.6
Dairy export incentive cash	24.4	—	—	—	—	24.4	—
Dairy export incentive certs	33.2	—	—	—	—	33.2	—
Market promotion program cash payments	196.3	—	—	—	—	—	196.3
Marketing loan write-offs	384.0	—	—	57.1	320.3	—	6.6
Marketing assessments and loan origination fees	-232.9	-7.0	—	—	—	-146.3	-79.6
Other b/	142.9	-1.9	-7.2	0.2	—	23.9	127.9
Total program costs	11,515.0	4,660.4	1,509.4	701.4	2,111.1	487.8	2,044.9
Nonprogram costs:							
Interest (net):							
Support and related	19.1						
Export credit sales	27.9						
Operating expenses	114.7						
Total nonprogram costs	161.7						
Total, net realized losses	11,676.7						

a/ Other commodities and programs include soybeans, minor oilseeds, tobacco, peanuts and peanut products, vegetable oil products, honey, sugar, administrative equipment, ocean transportation for export donations, export enhancement, and market promotion.

b/ Other costs include deficiency and diversion certificate expenses, ocean transportation for export donations, APHIS eradication of animal and plant disease, depreciation costs associated with administrative equipment, dairy assessment refunds, cost share assistance, and miscellaneous expenses.

Fiscal Year 1993—Actual (millions of dollars)

ITEM	TOTAL	FEED GRAINS AND PRODUCTS	WHEAT AND PRODUCTS	RICE	UPLAND COTTON	DAIRY PRODUCTS	ALL OTHER COMMODITIES AND PROGRAMS a/
Program Costs:							
Gain(-) or loss on sales	105.7	37.8	15.5	1.1	19.2	33.1	-1.0
Domestic donations	292.2	11.5	12.6	1.7	—	225.8	40.6
Export donations	582.5	219.5	206.4	3.4	—	149.4	3.8
Storage and handling	86.7	19.1	44.6	0.3	0.7	21.4	0.6
Transportation	16.8	0.1	0.3	—	—	16.3	0.1
Loans written off	269.6	—	—	—	0.1	—	269.5
Producer storage payments	9.0	0.4	8.6	—	—	—	—
Cash deficiency payments	6,297.1	2,596.6	1,943.8	628.6	1,114.4	—	13.7
Cash loan deficiency payments	421.7	—	2.0	257.8	170.8	—	-8.9
User marketing cash payments	113.6	—	—	—	113.6	—	—
Dairy export incentive cash	134.6	—	—	—	—	134.6	—
Rice marketing cash payments	36.1	—	—	36.1	—	—	—
User marketing certificate payments	91.6	—	—	—	91.6	—	—
Livestock assistance	59.6	—	—	—	—	—	59.6
Cash crop disaster payments	1,000.6	—	—	—	—	—	1,000.6
Market promotion program cash payments	168.7	—	—	—	—	—	168.7
Export enhancement program cash payments	874.5	—	—	—	—	—	874.5
FCIC Crop Indemnity Payments	500.0	—	—	—	—	—	500.0
Marketing loan write-offs	693.4	—	—	207.0	478.6	—	7.8
Marketing assessments and loan origination fees	-291.1	-8.5	—	—	—	-202.2	-80.4
Food for progress expense	385.0	—	—	—	—	—	385.0
Other b/	447.0	-0.1	0.3	-0.3	-0.8	50.6	397.3
Total program costs	12,294.9	2,876.4	2,234.1	1,135.7	1,988.2	429.0	3,631.5
Nonprogram costs:							
Interest (net):							
Support and related	82.2	—	—	—	—	—	—
Short-term and intermediate export credit sales	-2.5	—	—	—	—	—	—
Operating expenses	79.7	—	—	—	—	—	—
Total nonprogram costs	159.4	—	—	—	—	—	—
Total, net realized losses	12,454.3	—	—	—	—	—	—

a/ Other commodities and programs include rye, soybeans, tobacco, peanuts and peanut products, vegetable oil products, extra long staple cotton, honey, sugar, sunflower seed, flaxseed, canola, rapeseed, mustard seed, safflower seed, export enhancement, market promotion and FCIC crop indemnity.

b/ Other costs include deficiency and diversion certificate expenses, ocean transportation for export donations, depreciation costs associated with administrative equipment, APHIS eradication of animal and plant disease, dairy assessment refunds, cost share assistance, and miscellaneous expenses.

Fiscal Year 1994 - Estimated (millions of dollars)

ITEM	TOTAL	FEED GRAINS AND PRODUCTS	WHEAT AND PRODUCTS	RICE	UPLAND COTTON	DAIRY PRODUCTS	ALL OTHER COMMODITIES AND PROGRAMS
Program Costs:							
Gain (-) or loss on sales	85.1	0.7	2.9	3.5	6.0	56.9	15.1
Domestic donations	245.6	12.2	5.8	2.6	—	181.0	44.0
Export donations	648.6	114.8	80.8	34.8	—	344.4	73.8
Storage and handling	77.6	16.4	41.0	0.2	0.1	15.7	4.2
Transportation	18.4	1.1	—	—	—	17.3	—
Loans written off	103.7	—	—	—	—	—	103.7
Producer storage payments	34.8	31.8	3.0	—	—	—	—
Cash deficiency payments	4,906.1	2,041.2	1,787.0	204.2	862.0	—	11.7
Cash loan deficiency payments	57.4	—	-1.2	-7.0	63.0	—	2.6
User marketing cash payments	132.0	—	—	—	132.0	—	—
Rice marketing cash payments	21.0	—	—	21.0	—	—	—
User marketing cert payments	100.0	—	—	—	100.0	—	—
Dairy export incentive cash	156.0	—	—	—	—	156.0	—
Market promotion program cash payments	123.9	—	—	—	—	—	123.9
Export Enhancement Program cash payments	1,000.0	—	—	—	—	—	1,000.0
FCIC Crop Indemnity Payments	370.1	—	—	—	—	—	370.1
Marketing loan write-offs	283.8	—	—	20.4	255.4	—	8.0
Foreign loans charged off	220.2	—	—	—	—	—	220.2
Crop Disaster Payments	1,000.0	—	—	—	—	—	1,000.0
Marketing assessments and loan origination fees	-295.5	0.5	—	—	—	-216.0	-80.0
Other b/	345.4	—	—	—	—	53.9	291.5
Total program costs	9,634.2	2,218.7	1,919.3	279.7	1,418.5	609.2	3,188.8
Nonprogram costs:							
Interest (net):							
Support and related	164.7	—	—	—	—	—	—
Short-term and intermediate export credit sales	6.0	—	—	—	—	—	—
Operating expenses	12.3	—	—	—	—	—	—
Total nonprogram costs	183.0	—	—	—	—	—	—
Total, net realized losses	9,817.2	—	—	—	—	—	—

a/ Other commodities and programs include soybeans, tobacco, peanuts and peanut products, vegetable oil products, extra long staple cotton, honey, sugar, sunflower seed, flaxseed, canola, rapeseed, mustard seed, safflower seed, market promotion, export enhancement, FCIC crop indemnity, and foreign loans charged off.

b/ Other costs include miscellaneous expenses, ocean transportation for export donations, cost share assistance, dairy assessment refunds, and depreciation costs associated with administrative equipment.

Fiscal Year 1995 - Estimated (millions of dollars)

ITEM	TOTAL	FEED GRAINS AND PRODUCTS	WHEAT AND PRODUCTS	RICE	UPLAND COTTON	DAIRY PRODUCTS	ALL OTHER COMMODITIES AND PROGRAMS ^{a/}
Program Costs:							
Gain(-) or loss on sales	66.3	—	—	—	0.1	57.6	8.6
Domestic donations	165.3	—	—	—	—	163.6	1.7
Export donations	118.4	7.7	—	—	—	110.7	—
Storage and handling	68.8	12.5	42.6	0.2	—	9.1	4.4
Transportation	17.3	0.3	—	—	—	17.0	—
Loans written off	41.1	—	—	—	—	—	41.1
Producer storage payments	23.1	23.1	—	—	—	—	—
Cash deficiency payments	5,960.7	2,582.8	2,146.0	465.9	765.0	—	1.0
Cash loan deficiency payments	29.4	—	—	24.9	—	—	4.5
User marketing cash payments	123.0	—	—	—	123.0	—	—
User marketing cert payments	100.0	—	—	—	100.0	—	—
Dairy export incentive cash	156.0	—	—	—	—	156.0	—
Market promotion program cash payments	75.0	—	—	—	—	—	75.0
Export Enhancement Program cash payments	1,000.0	—	—	—	—	—	1,000.0
FCIC Crop Indemnity Payments	128.9	—	—	—	—	—	128.9
Marketing loan write-offs	4.0	—	—	1.0	—	—	3.0
Crop Disaster Payments	1,000.0	—	—	—	—	—	1,000.0
Marketing assessments and loan origination fees	-302.3	—	—	—	—	-233.4	-68.9
Other ^{b/}	108.6	—	—	—	—	55.5	53.1
Total program costs	8,883.6	2,626.4	2,188.6	492.0	988.1	336.1	2,252.4
Nonprogram costs:							
Interest (net):							
Support and related	119.9	—	—	—	—	—	—
Short-term and intermediate export credit sales	15.1	—	—	—	—	—	—
Operating expenses	7.9	—	—	—	—	—	—
Total nonprogram costs	142.9	—	—	—	—	—	—
Total, net realized losses	9,026.5	—	—	—	—	—	—

a/ Other commodities and programs include soybeans, tobacco, peanuts and peanut products, vegetable oil products, extra long staple cotton, honey, sugar, sunflower seed, flaxseed, canola, rapeseed, mustard seed, safflower seed, market promotion, export enhancement, FCIC crop indemnity, and crop disaster payments.

b/ Other costs include ocean transportation for export donations, cost share assistance, dairy assessment refunds, and miscellaneous expenses.

COMMODITY CREDIT CORPORATION

STATUS OF PROGRAM

Introduction

The Commodity Credit Corporation carries out operations on a nationwide basis involving many agricultural commodities. These actions have an economic impact on domestic and international markets. The Corporation makes loans on agricultural commodities and may barter agricultural commodities for materials, goods, services, and equipment. CCC operations, including the purchase, sale, storage, and handling of commodities and materials, involve many different trade practices. The Corporation uses normal trade facilities to the fullest practicable extent in its operations. Such facilities include commercial banks, growers organizations, brokers, exporters, cooperative associations, warehouses, and others.

Although ASCS, through its personnel and facilities, administers support operations, the programs are financed by the Corporation.

The principal activities carried out by the Corporation involve:

1. Support and related activities
2. Commodity export activities
3. Storage activities
4. Supply and foreign purchase
5. Acquisition and disposal activities
6. Special activities

SUPPORT AND RELATED ACTIVITIES

Commodities Covered

ASCS administers support programs for corn, grain sorghum, barley, oats, wheat, rye, cotton (upland, extra long staple, and seed), rice, dairy products, tobacco, peanuts, sugar beets and cane, honey, oilseeds (soybeans, sunflower seed, canola, rapeseed, safflower seed, flaxseed, and mustard seed), wool, and mohair.

Purpose of Support Activity

CCC support activity provides a more orderly marketing environment for farmers, particularly in periods when bountiful harvests threaten to push prices of farm commodities down to unprofitable levels. Inventories accumulated during these periods are released into the marketplace as needed to stabilize supplies and prices.

Technique for Administering Support Operations

Support is achieved through loans, purchases, and payments for selected commodities at announced or guaranteed levels. The Food, Agriculture, Conservation and Trade Act of 1990 (FACT Act) continued the target price and loan rate system for the 1991 through 1995 crops, providing income support and price protection to farmers. Income to growers is protected through an established target price mechanism for the major commodities: feed grains, rice, wheat, and cotton. If the average market price for the stated period drops below the target level, a deficiency payment is made to eligible producers equal to the difference between the target price and the higher of the loan level or the market price.

The FACT Act of 1990 continues to allow CCC to issue generic commodity certificates as well as cash in making such payments. These certificates are generic in that they may be exchanged for any commodity either owned by CCC or under loan.

For the 1992 crops, wheat, feed grain, cotton and rice producers received 50 percent of their estimated deficiency payment in advance and in cash. For the 1993 crops, wheat, feed grain, cotton and rice producers also received 50 percent of their estimated deficiency payment in advance and in cash. In fiscal years 1992 and 1993, 913,877 complying farms received \$7,123.4 million in 1992 crop cash deficiency payments. In fiscal year 1993, \$8,606.8 million in total cash deficiency payments were made. Of this amount -\$1.5 million was for 1991 crops, \$4,635.4 million for the 1992 crops, and \$3,968.5 million for the 1993 crops. In fiscal year 1993, 982,060 complying farms received the \$3,968.5 million in 1993 crop cash deficiency payments.

Beginning with the 1982 crops, disaster payments are authorized only for wheat, feed grain, upland cotton, and rice producers for whom Federal crop insurance was not available and who were prevented from harvesting a designated percentage of their normal production because of natural disaster. The 1985 Food Security Act extended eligibility to receive disaster payments to peanut, soybean, and sugar producers in addition to wheat, feed grain, upland cotton, and rice producers. The Secretary may also authorize disaster payments if losses create an economic emergency too serious to be relieved by crop insurance or other Federal assistance. Payments may be made in cash, in kind from CCC-owned stocks, or in generic certificates. The FACT Act continues these authorities. Disaster payments were legislated for selected crops in 1988, 1989, 1991, 1992, and 1993.

Eligibility for support loans, purchases, and payments is conditional on compliance with program requirements for the particular commodity, including acreage reduction and land diversion provisions, if in effect. Support loans to producers are "nonrecourse." With this type of loan, producers are guaranteed at least the support price for the commodity they have put up as collateral. If market prices are above support levels, producers can pay off their loans and market their commodity. If market prices fail to rise above support levels, producers can deliver the commodity to the Corporation and discharge their obligations in full.

Under the 1985 Act the Secretary of Agriculture had, for the first time, authority to permit commodity loan repayments at less than the original loan principal--the so-called "marketing loan" provision. The marketing loan reduces the likelihood of loan collateral forfeitures and enhances market competitiveness for U.S. commodities. Under the FACT Act, marketing loans must be available for cotton, rice, soybeans, and minor oilseeds, and are discretionary for wheat, feed grains, and honey. Marketing loans were in effect for 1985 through 1990 crops of rice and 1986 through 1990 crops of upland cotton and honey. Marketing loans are currently in effect for these same commodities and the minor oilseeds for the 1992 and 1993 crops. In addition, beginning with the 1993 crops, marketing loan provisions have been made available for the first time to wheat and feed grain producers. These provisions will be available to wheat and feed grain producers through the 1995 crop.

CCC is authorized to make recourse loans to producers for on-farm storage facilities. However, the CCC Charter Act, as amended, mandates that facility loans be available in areas where the Secretary determines there is a shortage of farm storage. These loans are carried in the accounts at the unpaid principal balance and are secured by chattel or real estate mortgages. Seed cotton loans are made on a recourse basis during cotton ginning operations. For most commodities, loans are made directly to producers on the

unprocessed commodity through ASCS county offices. Some commodities are also purchased directly from processors. Milk prices are supported through purchases of processed dairy products from processors. Support on tobacco and peanuts is carried out through loans to producer associations that, in turn, make support available to producers. Loans may also be made available through cooperative marketing associations for cotton and grains instead of through ASCS county offices. In order to more effectively recover the cost of money to CCC, a variable interest rate is charged by CCC on commodity and storage facility loans. The initial interest charged to producers by CCC is the rate charged CCC by the U.S. Treasury during the month the loan is disbursed. The average CCC loan interest rate in fiscal year 1993 was 3.5 percent. In fiscal year 1994, the monthly interest rate was 3.375 percent in October and November, 3.5 percent in December, and 3.625 percent in January.

Loan and Purchase Volume - Fiscal Year 1993

Dollar volume of support extended through loans in fiscal year 1993 totaled \$9,066.9 million, with acquisitions of commodities under loan amounting to \$43.3 million. Purchases of dairy products, purchases of products of wheat, corn, oats, peanuts, and vegetable oils for donations and purchases of grains, soybeans, and oilseeds on which loans are also made totaled \$1,729.5. Of this amount, \$315.0 million was for dairy products. Also, \$141.2 million of total purchases was for commodity certificates transferred from the loan account. These certificate purchases represent a required accounting transaction to show the effect on inventory of certificate payments to producers used to redeem outstanding commodity loans. The associated reduction in outstanding loans is recorded as a loan repayment receipt, which fully offsets the inventory purchase expenditure. Therefore, no net expenditures result from this required certificate accounting treatment.

Loan availability varies by commodity. For the major commodities, the loan availability period is as follows:

- | | |
|--|---|
| a. Wheat, rice, barley, oats, rye,
canola, rapeseed, and flaxseed | - from time of harvest through March 31 |
| b. Corn, sorghum, cotton, soybeans,
sunflower seed, safflower seed, and
mustard seed | - from time of harvest through May 31 |
| c. Peanuts: | |
| Warehouse Stored | - from time of harvest through January 31 |
| Farm-Stored Quota | - from time of harvest through March 31 |
| Farm-Stored Additional | - from time of harvest through January 31 |

Acreage Reduction and Diversion Programs

The FACT Act of 1990, as amended by the Omnibus Budget Reconciliation Act of 1990 (OBRA-90), and the Omnibus Budget Reconciliation Act of 1993 (OBRA-93), continues the Secretary's authority to reduce acreage planted for the 1991 through 1995 crops when supplies are excessive through acreage reduction (ARP) and paid land diversion (PLD) programs, or a combination of these. Specific acreage reduction programs continue to be required when carryover stocks are expected to exceed certain levels. APR levels are determined by stocks-to-use ratio with minimum and maximum levels determined for each crop. Zero ARP levels are allowed, as well as separate levels for each feed grain.

The "GATT trigger" provisions, included in the OBRA-90, gave the Secretary authority to waive the minimum ARP rates specified in law if no GATT agreement was reached by June 30, 1992. However, to lower projected government spending, the Omnibus Budget Reconciliation Act of 1993 revokes the Secretary's authority to waive minimum ARP levels. The OBRA-93 reestablished crop years 1993-95 minimum ARP's outlined in the 1990 Budget Act. The OBRA-93 though, does eliminate the minimum ARP levels for the 1993-95 crops of grain sorghum and barley.

Minimum ARPs do not apply if market conditions indicate stock-to-use levels would fall below triggers established in OBRA-90. The 1993 Budget Act reduces cotton's ratio of carryover to total disappearance from the current 30% for 1993-94 crop years, to 29.5% for the 1995-96 crop years, and 29% for the 1997 crop year. The stocks-to-use ratio remains the same, as specified in the 1990 Budget Act, for wheat, feed grains, and rice.

For the 1992 crops, acreage reduction requirements were 5% for corn, grain sorghum and barley, 0% for oats (mandated level through 1995), 0 % for rice, 10% for upland cotton, 5% for ELS cotton and 5% for wheat. The ARP requirements for the 1993 crops are 0% for wheat, 10% for corn, 5% for grain sorghum, 0% for barley, 7.5% for upland cotton, 20% for ELS cotton and 5% for rice.

The Secretary is also authorized to make land diversion payments to assist in adjusting the acreage of commodities to desirable goals. These payments may be made in cash, in kind, or in generic certificates which may be redeemed for CCC-owned commodities. No diversion programs were in effect for the 1992 and 1993 wheat, feed grain, cotton and rice crops.

The FACT Act provides for planting flexibility, in which producers can choose to plant up to 25% of the crop acreage base with any CCC-specified crop without a reduction in the program crop acreage base on the farm. The 1990 Budget Act amended the 1949 Act to reduce the acreage on which deficiency payments would be paid by an amount equal to 15 percent of the crop acreage base for the 1991-95 crops to be known as normal flex acreage. The remaining 10 percent is known as optional acreage. This program remains the same under the OBRA-93.

Certificate Programs

The 1985 Food Security Act authorized, and the FACT Act continues, a number of programs that allows for payments to be made in generic certificates. These programs include the Market Promotion Program (formerly known as the Targeted Export Assistance Program), the Export Enhancement Program and the Dairy Export Incentive Program (DEIP), all designed to maintain and expand export markets for U.S. agricultural commodities and counter unfair trade practices by foreign competitors; CCC discontinued certificate issuance during fiscal year 1993 for all programs except the Upland Cotton User Marketing Program. The total CCC value of certificates issued in fiscal year 1993 for all purposes was \$91.4 million.

The table below itemizes CCC certificate payments by program for fiscal years 1992 and 1993:

Actual CCC Value of Certificates Issued (thousands of dollars)

	<u>FY 1992</u>	<u>FY 1993</u>
Deficiency Payments	-\$965	-\$616
Diversion Payments	-196	107
Upland Cotton Loan Deficiency	-6	-140
Upland Cotton User Marketing	--	91,640
Rice Marketing	-1	--
Disaster Certificates (1986 crop)	-71	40
Disaster Certificates (1989 crop)	-751	-94
Export Enhancement Program	595,194	752
Market Promotion Program (formerly TEA)	-10	2
Conservation Reserve Program	-178	-251
Emergency Feed Program	-9	--
Dairy Export Incentive Program	<u>33,165</u>	<u>--</u>
Total	\$626,172	\$91,440

Note: The Upland Cotton User Marketing Program was the only active certificate program in fiscal year 1993.

Disaster Assistance

The Dire Emergency Supplemental Appropriations and Transfers Act of 1992, P.L. 102-229, enacted December 12, 1991, provided disaster payments for low yield 1990, 1991, or 1992 crops, cost-share assistance for loss of tree seedlings, assistance for emergency livestock feed, and other emergency provisions due to damaging weather or related conditions. The initial portion of the legislation provided for payments to producers with either 1990 or 1991 eligible tree assistance program and program/non program crop losses. During the initial signup period (February 3, 1992 - March 13, 1992), eligible producers on a farm were limited to receiving assistance in only one of the two crop years. The remaining portion of the funding appropriated by P.L. 102-229 was made available by request of the President on September 2, 1992, for disaster payments on 1990, 1991, or 1992 program/non program crop losses. In fiscal year 1992, \$961.4 million in 90/91 crop disaster payments were made in cash from this appropriation. In fiscal year 1993, \$767.0 million in 90-92 crop disaster payments were made in cash from this appropriation.

The fiscal year 1992 Dire Emergency Supplemental Appropriations Act, P.L. 102-368, enacted September 23, 1992, provided additional funding for eligible program/non program crop losses associated with natural disasters such as Hurricanes Andrew and Iniki and Typhoon Omar. An initial amount of appropriated funding was available immediately, with an additional amount of \$100 million made available after an official budget request was submitted by the President. In order to pay claims at the same prorated factor as the first payments on 1990 and 1991 crops (50.04 percent), use of CCC funds was also authorized.

The Supplemental Appropriations Act of 1993, P.L. 103-50, enacted July 2, 1993, authorized payments using the remaining balances from P.L. 102-229 and P.L. 102-368 for 1990, 1991,

and 1992 crop quality adjustments and for 1993, 1994, and 1995 crop losses related to Hurricanes Andrew and Iniki and Typhoon Omar. The authority to use CCC funds was also rescinded. Payments resulting from applications for disaster payments which were filed after July 2, 1993 were to be made under a newly calculated proration factor. The remaining portion of the \$100 million funding appropriated by P.L. 102-368 was made available by request of the President on July 4, 1993. These funds were to fund losses from natural disasters such as those resulting from the Midwest flooding.

The Emergency Supplemental Appropriations for Relief from the Major, Widespread Flooding in the Midwest Act of 1993, P.L. 103-75, signed August 12, 1993, appropriated funds for 1993 crop losses due to damaging weather and related conditions occurring in 1993. The Act also required the \$100 million released on July 4, 1993 remain available until June 30, 1994, and be used for 1993 crop disaster losses only. An initial amount of appropriated funding was available immediately, with an additional amount made available after an official budget request was submitted by the President. The use of CCC funds was also authorized if extraordinary circumstances existed that warranted further assistance from CCC. The remaining portion of the funding appropriated by P.L. 103-75 was made available by request of the President on August 12, 1993. The use of CCC funds was also authorized on the same day. An application deadline of September 17, 1993 was also established for 1993-1995 crops loss of production claims related to Hurricanes Andrew and Iniki and Typhoon Omar and 1990-1992 crops quality loss claims resulting from other disasters (P.L. 103-50 claims). The Act provides for 1993 crop loss benefits to be paid by June 1994. It also authorizes payments for 1993 crop losses to be made in an amount equal to 100 percent of each eligible claim except for 1993 losses related to Hurricanes Andrew and Iniki and Typhoon Omar.

During the signup period which ends March 4, 1994, payments in an amount of 100 percent of each eligible claim will be made. In fiscal year 1993, \$104.4 million in 1993 crop disaster payments were made from the P.L. 103-75 appropriation.

Disaster payments for 1990, 1991, 1992, and 1993 losses are made in the manner specified in Title XXII of the FACT Act of 1990. Under these provisions, program crop losses are made at 65 percent of the target price of the commodity, while non program crop losses are made at 65 percent of the market price of the commodity. Eligibility for assistance is limited to producers with gross revenues of less than \$2 million, and payments to any person cannot exceed \$100,000. The FACT Act also prohibits duplicate disaster and deficiency payments on the same bushel of lost production and provides that claims in excess of available funding be prorated among eligible producers.

Tree Assistance Program

The Disaster Assistance Act of 1988 authorized the Secretary of Agriculture to reimburse eligible persons for losses of tree seedlings killed by drought or related conditions, if they were planted for commercial purposes in 1987 or 1988. Drought loss of eligible seedlings on an individual stand must have exceeded 35 percent, after adjustment for normal seedling mortality. Reimbursement was made for 65 percent of the cost of replanting that portion of the adjusted loss which exceeded 35 percent. Tree owners with 1,000 acres or less of commercial trees and less than \$2 million annually in gross revenues were eligible for payments. No person was permitted to receive more than \$25,000 in 1988 Tree Assistance Program payments.

The Disaster Assistance Act of 1989 extended this program for trees and seedlings lost as a result of freezing or related conditions in 1989. Losses of seedlings on an individual

stand exceeding 45 percent, after adjustment for normal seedling mortality, were eligible for reimbursement. Reimbursement was made for 65 percent of the cost of replanting that portion of the adjusted loss which exceeded 45 percent. The eligibility and payment limitation requirements in effect for the 1988 Tree Assistance Program also applied to tree owners participating in the 1989 Program.

The Disaster Assistance Act of 1989 also provided for cost-share payments to producers who suffered a loss of orchard trees or seedlings due to freezing, earthquake damage or related conditions in 1989. Assistance was available for 65 percent of the cost of replanting that portion of the loss which exceeded 45 percent to producers who owned 500 acres or less of these trees.

The fiscal year 1992 Dire Emergency Supplemental Appropriations Act of 1992, P.L. 102-368, provided a separate appropriation for the Tree Assistance Program of \$48,000,000 for costs arising from consequences of recent natural disasters such as Hurricanes Andrew and Iniki or Typhoon Omar. Payments for this program were determined in accordance with the FACT Act of 1990.

Tree Assistance Program payments totaled \$2.2 million in fiscal year 1989, \$3.1 million in fiscal year 1990, \$13.3 million in fiscal year 1991, \$6.0 million in 1992, and \$16.9 million in 1993.

The Emergency Supplemental Appropriations for Relief from the Major, Widespread Flooding in the Midwest Act of 1993, P.L. 103-75, signed August 12, 1993, appropriated funds for 1993 crop losses due to damaging weather and related conditions occurring in 1993. Tree Assistance Program payments made under this appropriation are to be determined in accordance with the FACT Act of 1990.

Grain Reserves

The Farmer-owned Reserve (FOR) program allows eligible producers to store wheat or feed grains under loan and receive annual storage payments. The FOR is available for producers only for years when prices are low and stocks are high. A determination as to whether the FOR will be opened for a crop is made for wheat by December 15 of the year in which the crop is harvested and for corn and other feed grains by March 15 of the year following the year in which the crops are harvested. Grain must have been under 9-month loan until maturity before it is eligible for the FOR. The maximum FOR term is 27 months. Producers may redeem their grain at any time without penalty.

The FACT Act of 1990 provides specific triggers which must be met before the FOR is opened. If prices for the 90 day period preceding the FOR announcement date average below 120 percent of the loan rate and the projected ending stocks-to-use ratio for the marketing year is more than 37.5 percent for wheat (22.5 percent for corn), the FOR must be opened for the crop. If only one of the triggers is met, the FOR may be opened. If neither trigger is met, the FOR may not be opened. The FOR was opened for the 1990 crop of wheat but not for the 1991 and 1992 crops of wheat, and the 1990 and 1991 crops of feed grains. The Secretary announced on January 7, 1993 that the FOR would be opened for the 1992 crops of corn, grain sorghum, and barley. FOR storage payments are made the end of each quarter at an annual rate of 26.5 cents per bushel. Storage payments stop when the market price for a commodity reaches 95 percent of the target price. Interest charges may begin when the market price reaches 105 percent of the target price.

Commodities in the farmer-held grain reserve as of January 4, 1994, are as follows:

<u>Crop</u>	<u>Bushels (millions)</u>	<u>Metric Tons (millions)</u>
Corn.....	231.1	5.9
Grain Sorghum.....	6.8	.2
Barley.....	<u>7.2</u>	<u>.1</u>
Total Feed Grains.....	245.1	6.2
Wheat.....	<u>16.8</u>	<u>.5</u>
Total.....	261.9	6.7

A food security wheat reserve of 147 million bushels was established on January 16, 1981, under the provisions of the Agricultural Act of 1980. Wheat may only be released from the reserve by special authorization. Once released, the wheat may be used only to meet urgent humanitarian food needs in developing countries under Public Law 480. CCC shall be reimbursed from Public Law 480 funds at the lower of actual costs incurred or the export market price of wheat at the time of release.

Dairy Program

The FACT Act of 1990, as amended by the Omnibus Budget Reconciliation Act (OBRA) of 1990 continued price support for milk at \$10.10 per hundredweight for the period January 1 through December 31, 1992.

The fiscal year 1993 OBRA savings were achieved through a deduction of 11.25 cents per hundredweight on all milk marketed from January 1 through April 30, 1993, 16.35 cents from May 1 through September 30, 1993, and 14.72 cents from October 1 through December 31, 1993.

The Food Security Act of 1985 provided for a milk production termination or "whole-herd buyout" program effective for an 18-month period beginning April 1, 1986. Under the program, producers receive payment from CCC in exchange for discontinuing milk production for five years. Payments are based on accepted contract bids submitted by producers and are made over a six-year period covering fiscal years 1986 through 1991. Bids were accepted to end dairy production in three periods: April-August 1986, September 1986-February 1987, and March-August 1987. Dairy termination payments made to producers in fiscal years 1986 through 1993 are as follows:

Dairy Termination Payments
(dollars in millions)

Fiscal Year	Dollars
1986	\$489.2
1987	587.0
1988	259.5
1989	167.9
1990	188.8
1991	96.1
1992	2.4
1993	--
Cumulative	\$1,790.9

Sugar Program

The FACT Act required a sugar price support loan program for the 1992 through 1995 crops. The OBRA-93 extended the requirement through the 1997 crops. Under this program, the Secretary of Agriculture supports the price of (1) domestically grown sugarcane through nonrecourse loans at not less than 18.0 cents per pound for raw cane sugar, and (2) domestically grown sugar beets at a level that is equitable in terms of the 5-year weighted average ratio or return to sugarcane growers plus fixed marketing expenses. The national average loan rate for refined beet sugar is 23.33 cents per pound for the 1992 crop, and 23.62 cents for the 1993 crop. The FACT Act, as amended by OBRA, requires the first processor of sugarcane and sugar beet to remit to the Commodity Credit Corporation a nonrefundable marketing assessment. This assessment on a per pound basis is equal to 0.18 cents for raw cane sugar and 0.193 cents for beet sugar marketed from domestically produced sugarcane and sugarbeets for each of the 1992 through 1994 crops. The FACT Act continues to mandate that the program be operated at no cost to the Federal Government by preventing the accumulation of sugar by the CCC.

Wool and Mohair Program

Payments made during fiscal year 1993 on 1992 wool marketings totaled \$116.0 million. Payments made on mohair marketings during fiscal year 1993 totaled \$60.5 million. The program is discussed further under the National Wool Act elsewhere in these Notes.

Prompt Payment Act Interest Payments

The Rural Development, Agriculture and Related Agencies Appropriations Act for Fiscal Year 1988 (P.L. 100-202) requires CCC to pay a late payment interest penalty on all types of payments, including price support loans if CCC fails to make a payment by the required due date for obligations incurred after January 1, 1988 (payments for the 1988 crop year). Because of this statutory mandate, CCC established payment due dates for farm program payments. Previously, CCC paid interest only on late payments made for the procurement of property or services. Based on provisions in the Prompt Payment Act Amendments of 1988 (P.L. 100-496), beginning with obligations incurred on or after January 1, 1989 (payments for the 1989 crop year), all CCC payments are subject to provisions of the Prompt Payment Act. Total interest paid on late payments during fiscal year 1993 was \$1.278 million.

Summaries of Support and Related Activities

Table I below itemizes cash direct payments made to producers by fiscal year:

Table I Payments to Producers, excluding PIK and Certificates (millions of dollars)

Item	1987 Actual	1988 Actual	1989 Actual	1990 Actual	1991 Actual	1992 Actual	1993 Actual
Rice	\$ 376.2	\$ 45.8	\$ 614.0	\$ 477.3	\$ 557.6	\$ 522.0	\$791.4
Feed Grains	2,363.2	2,968.5	3,499.7	2,527.2	2,557.4	2,476.4	4,877.3
Wheat	1,546.8	758.1	619.6	723.0	2,722.1	1,785.1	1,827.1
Cotton, Upland and ELS	989.2	212.5	1,109.4	453.2	401.5	887.4	1,522.4
Dairy	586.8	259.3	168.2	188.8	96.1	2.4	0
Minor Oilseeds*					3.2	29.6	6.4
Honey					3.5	4.1	5.1
Subtotal	5,862.2	4,244.2	6,010.9	4,369.5	6,341.4	5,707.0	9,029.7
Wool and Mohair	145.4	128.2	87.8	96.9	165.0	187.0	176.5
Total Payments	6,007.6	4,372.4	6,098.7	4,466.4	6,506.4	5,894.0	9,206.2

* Includes Flaxseed, Sunflower Seed (Oil), Sunflower Seed (Non-Oil), Mustard Seed, Canola, and Rapeseed.

Table II below itemizes a summary of support and related operations:

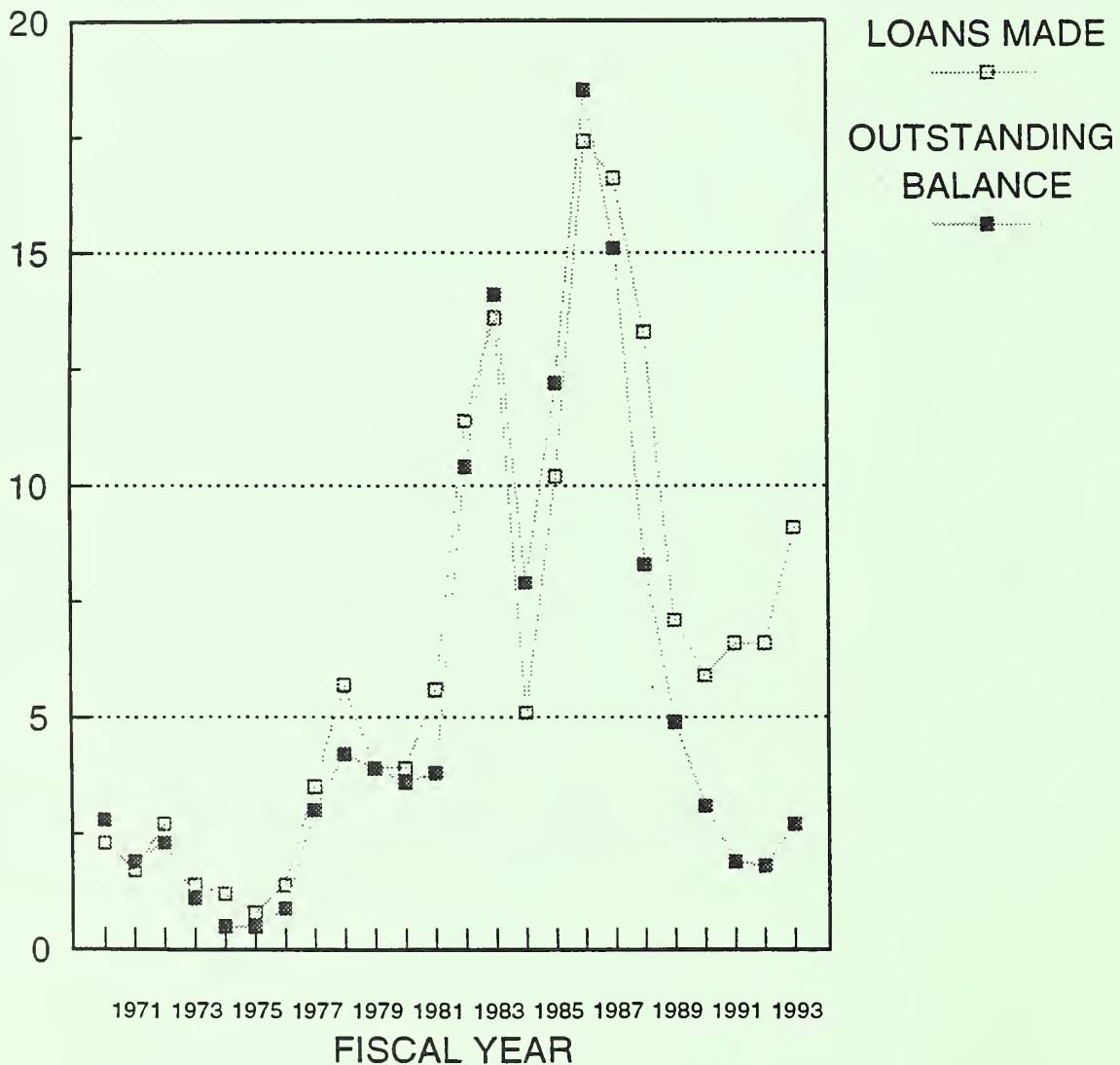
Table II - CCC Loan, Inventory, and Related Activities (millions of dollars)

Item	1991 Actual	1992 Actual	1993 Actual
<u>Support and Related Activities:</u>			
<u>Loan Activity (including Storage Facilities):</u>			
Loans Outstanding, Beginning of Year	\$3,071.0	\$1,858.1	\$1,769.0
Loans Made	6,630.8	6,577.7	9,066.9
Loans Repaid	-6,213.5	-5,994.1	-7,002.5
Commodity Loans Repaid with PIK	—	—	—
Commodity Loans Repaid with Certificates	-440.5	-174.0	-141.2
Marketing Loans Repaid	-172.8	-384.0	-693.4
Collateral Acquired	-993.1	-9.6	-43.3
Write-offs	-13.0	-94.1	-269.6
Transfers to Accounts Receivable	-10.8	-11.0	-11.5
Loans Outstanding, End of Year	1,858.1	1,769.0	2,674.4
<u>Inventory Activity:</u>			
Inventory, Beginning of Year	2,149.1	2,795.8	1,734.2
Commodity Purchases	1,249.8	1,421.2	1,588.3
Purchases for PIK	—	—	—
Purchases for Certificates	440.5	174.0	141.2
Collateral Acquired	993.1	9.6	43.3
Loan Collateral Settlements	42.7	1.9	0.6
Processing, Packaging, etc.	25.9	39.3	32.4
Storage and Handling	(193.3)	(122.2)	(86.7)
Transportation	(21.2)	(23.3)	(16.8)
Other Transfers (net)	-19.6	-2.7	-1.1
Commodity Cost of Sales	-676.1	-1,230.7	-1,147.2
Cost of Sales for PIK	0.4	—	—
Cost of Sales for Certificates	-939.8	-757.2	-141.5
Cost of Sales for Export Enhancement	-0.1	—	—
Domestic Donations	-304.8	-363.8	-292.2
Export Donations	-165.3	-353.2	-582.5
Inventory, End of Year	2,795.8	1,734.2	1,375.5
Payments to Producers (gross) (excludes Wool) .	6,341.4	5,707.0	9,029.7
Realized Loss	11,144.2	11,676.7	12,454.3
Investment in Agricultural Commodities	4,649.3	3,500.8	4,049.8

Exhibits 1 and 2 on the following pages depict the history of selected items on loan and inventory activities for fiscal years 1970 through 1993, and for fiscal years 1962 through 1993, respectively.

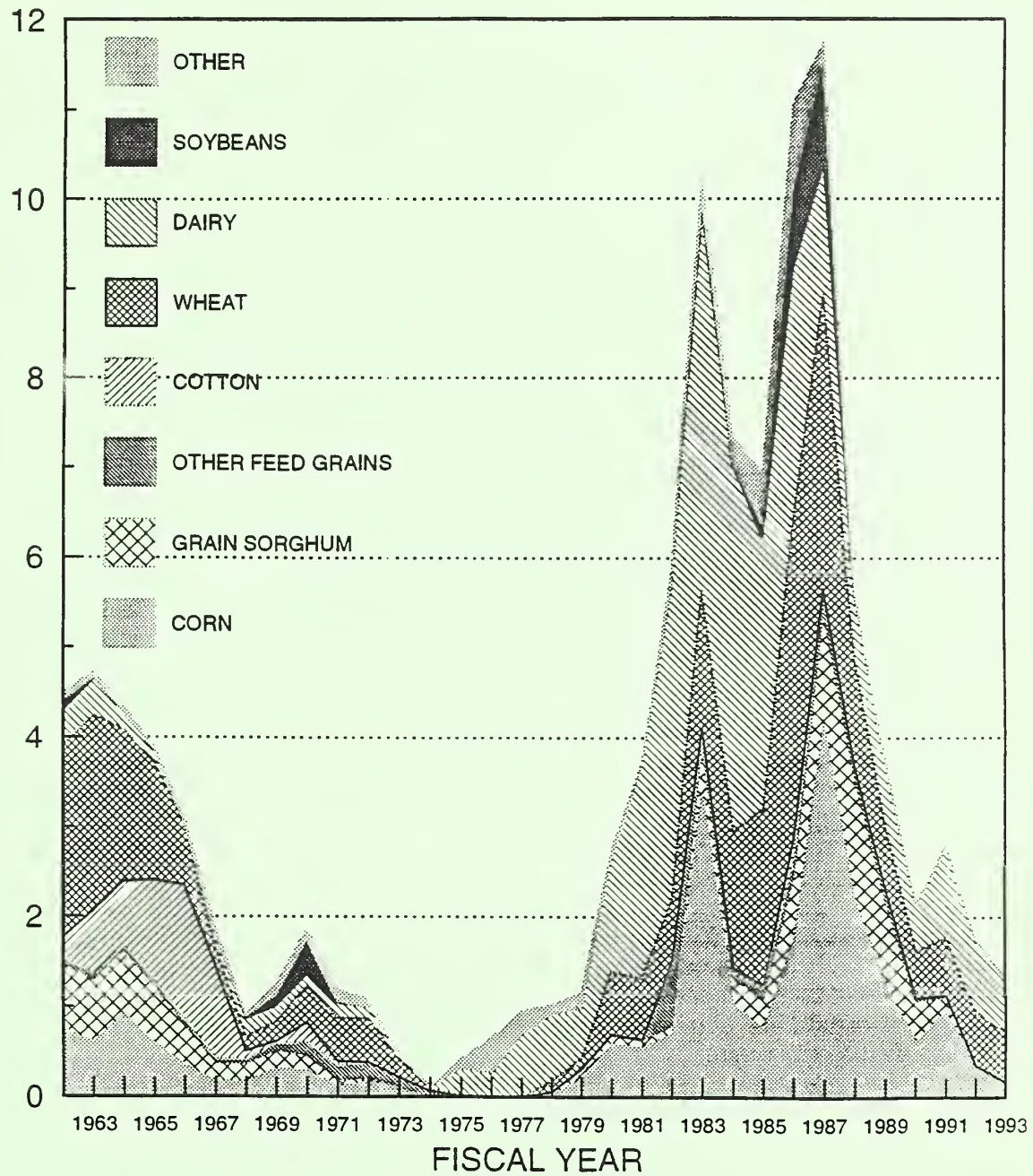
**COMMODITY LOANS MADE DURING THE YEAR
AND OUTSTANDING LOANS AT THE END OF THE YEAR
FISCAL YEARS 1970-1993**

DOLLARS (Billions)



**COMMODITIES INVENTORIES OWNED BY CCC
ALL PROGRAMS
END OF FISCAL YEARS 1962-1993**

\$ BILLIONS



COMMODITY EXPORT ACTIVITIES

The Corporation promotes the export of agricultural commodities and products through sales, payments, direct credit, credit guarantees, and the conduct of other activities related to the exportation of commodities. During fiscal year 1993, CCC commercial export credit activities consisted only of credit guarantees under the Export Credit Guarantee Program and the Intermediate Export Guarantee Program. There was no credit activity under the short-term or intermediate direct export credit sales programs.

Direct Credit

CCC may provide financing of commercial export sales of eligible U.S. agricultural commodities through short-term and intermediate credit sales programs. These programs are not intended to displace cash sales, but are designed to maintain or expand overseas markets.

The short-term export credit sales program (GSM-5) provides financing, on terms not to exceed three years, for the commercial sales of agricultural commodities from private stocks. Sales are made by U.S. exporters and require an assurance of payment from a U.S. or foreign bank. Repayments are made in U.S. dollars with interest at rates determined by the Corporation. These commercial transactions are financed under the Corporation's charter authority and section 201 of the Agricultural Trade Act of 1978, as amended by the FACT Act.

From the beginning of the short-term export credit sales program in 1956 through September 30, 1993, sales of agricultural commodities have amounted to approximately \$9,649.2 million, with an additional \$681.3 million in capitalized interest resulting from debt rescheduling. There was no program activity in fiscal years 1987 through 1993. Principal repayments from inception through September 30, 1993, were \$9,223.7 million, including \$1.9 million in fiscal year 1993. Amounts outstanding under this program were \$578.6 million as of September 30, 1993, most of which were rescheduled credits.

Credit Guarantees

In 1980, CCC instituted the Export Credit Guarantee Program (GSM-102) under its charter authority. With this program, for a fee, CCC guarantees payments due U.S. exporters under deferred payment sales contracts (up to 36 months) for defaults due to commercial as well as noncommercial risk. The risk to CCC extends from the date of export to the end of the deferred payment period covered in the export sales contract and covers only that portion of the payments agreed to in the assurance agreement. Operation of this program is based on criteria which will assure that it is used only where it is determined that it will develop new market opportunities and maintain and expand existing world markets for U.S. agricultural commodities. The program encourages U.S. financial institutions to provide financing to those areas where the institutions would be unwilling to provide financing in the absence of the CCC guarantees. Loan commitments incurred in fiscal year 1993 under the GSM-102 program were \$3,882.1 million.

In 1986, the Intermediate Export Credit Guarantee Program (GSM-103) was implemented by CCC under its charter authority as required by the Food Security Act of 1985. The program is similar to the Export Credit Guarantee Program (GSM-102), but provides for CCC guarantees to exporters for commodities sold on credit terms in excess of 3 years but not more than 10 years. The program also provides for adjusting the maximum amount of interest which CCC guarantees to pay under the payment guarantee and permits freight

costs to be covered for breeding animals financed under the GSM-103 program. Loan commitments incurred in fiscal year 1993 under the GSM-103 program were \$238.9 million.

Assistance for Emerging Democracies

The FACT Act of 1990 authorizes an additional \$1 billion in credit guarantees to be made available between fiscal year 1991 and fiscal year 1995 for emerging democracies.

The FACT Act also authorizes, for each of the fiscal years 1991 through 1995, a program for promoting agricultural exports to emerging democracies through the sharing of U.S. agricultural expertise. This assistance will be provided through teams consisting of agricultural consultants and government officials expert in assessing the food and rural business systems of other countries. The FACT Act, as amended by the Food, Agriculture, Conservation, and Trade Act Amendments of 1991, mandates the use for this purpose of not more than \$10 million in CCC funds in any fiscal year from 1992 through 1995. Costs for the 1993 program were \$9.8 million.

Export Enhancement Program

An export enhancement program was initiated in 1985 under which CCC funds or commodities are made available as bonuses to make U.S. agricultural products competitive in foreign markets. The FACT Act continues the Export Enhancement Program. By law, CCC must make a minimum of \$500 million available in CCC commodities or cash each fiscal year to carry out the program. All sales involving bonus CCC commodities are intended to increase and enhance U.S. agricultural exports above what would have occurred in the absence of the program. Sales must also be targeted to specific markets to challenge competitors who subsidize their exports. This program is also designed to encourage trading partners to negotiate seriously on reform of world agricultural trade.

Bonus payments to exporters may be made in cash, in kind, or through commodity certificates which may be redeemed for CCC-owned commodities. Fiscal year 1993 bonus payments made in CCC commodity certificates totalled \$.8 million. Fiscal year 1993 bonus payments made in cash totalled \$891.4 million.

Market Promotion Program (formerly TEA)

The Targeted Export Assistance Program was authorized by the Food Security Act of 1985, and has been succeeded by the Market Promotion Program under the FACT Act of 1990. The program mandates the use of CCC funds or an equivalent value of CCC commodities to encourage the development, maintenance, and expansion of commercial export markets for agricultural commodities through cost-share assistance to eligible trade organizations. A program level of \$147.734 million was established by statute for fiscal year 1993. Cash payments in fiscal year 1993, including payments from prior year programs, totalled \$168.7 million against agreements totalling \$147.734 million. Certificate issuance discontinued in fiscal year 1991 and a cash program was implemented which probably will continue through fiscal year 1999.

STORAGE ACTIVITIES

The objectives of the Corporation in carrying out its storage program are:

- (1) to help producers finance needed storage facilities on their own farms; and
- (2) to make efficient use of commercial facilities in the storage of CCC-owned commodities.

Commercial Storage

The Corporation has a Uniform Grain Storage Agreement and a Uniform Rice Storage Agreement through which it makes storage payments to commercial warehousemen storing grain and rice for CCC in country and terminal elevators. The Corporation has contracts with about 3,885 commercial warehousemen in 42 States for the storage of Government-owned and loan grain and rice. The agreements provide for a storage rate covering about 5,170 grain and rice warehouse facilities operating under the agreements. The grain and rice facilities have a total capacity of about 7.9 billion bushels.

The Commodity Credit Corporation uses the offer and acceptance rate system to determine storage and handling rates. Under the offer and acceptance rate system, warehousemen offer rates at which they will store and handle CCC-owned or loan grain and CCC can either reject or accept those rates. However, producers may be charged a lower rate for grain used as collateral for a CCC loan. The rates remain in effect unless superseded at a subsequent annual renewal date of the agreement. Also, the rates may be lowered by warehousemen during the contract year. This same system is used for cotton warehousemen under contract with CCC.

The Corporation also has storage contracts with commercial warehouses for other commodities, principally dairy products. Rates are negotiated with individual warehousemen. Total storage and handling charges in fiscal year 1993 were \$86.7 million. Related transportation costs were \$16.8 million.

In accordance with the Omnibus Budget Reconciliation Act of 1981, user fees are charged for warehouse examination services of all warehouses (except cotton) licensed under the United States Warehouse Act (USWA). With the exception of grain warehousemen located in cooperative agreement states, grain and rice warehouses not licensed under the United States Warehouse Act pay contract fees to CCC. In cooperative agreement states, warehousemen not licensed under the USWA are exempt from paying user or contract fees to CCC. Net costs to CCC for warehouse inspections were \$5.7 million in fiscal year 1993.

Farm Facility Loans

Under the farm facility loan program, farmers can borrow money from CCC to build and remodel on-farm grain storage facilities. The program has made it possible for more farmers to hold their crops on their own farms. A total of 4.7 billion bushels of storage capacity has been added to on-farm storage since 1949, with 50 percent of this added from 1977 to 1983. \$35 thousand in loans were made in fiscal year 1993, which reflects adjustments of prior year loan activity.

SUPPLY AND FOREIGN PURCHASE ACTIVITIES

The Corporation is authorized to procure agricultural commodities in the U.S. and abroad for U.S. and foreign governmental agencies and entities, pursuant to sections 5(b) and (c) of its charter act, and section 4 of the act of July 16, 1943 (15 U.S.C. 713a-9).

ACQUISITION ACTIVITIES

The Corporation acquires stocks of various farm products as a result of its support activities. Such acquisitions result from purchases from producers and processors as noted earlier, and collateral acquisitions arising from loan operations. The inventory is substantial. Its acquisition-cost value on September 30, 1993, was \$1,375.5 million.

DISPOSAL

Authorities

The following authorities provide the basis for disposition of inventories:

1. Section 407 of the Agricultural Act of 1949, as amended (7 U.S.C. 1427).
2. Agricultural Trade Development and Assistance Act of 1954, Public Law 480, as amended (7 U.S.C. 1701-1715, 1721-1726a, 1727-1727e, 1731-1736g-1, 1737).
3. Barter Program, Sec. 204 of the Agricultural Trade Act of 1978, (7 U.S.C. 5624), Sec. 206 of the Agricultural Act of 1956, as amended (7 U.S.C. 1856(a); and Sec. 4(h) of the CCC Charter Act (15 U.S.C. 714b(h)).
4. Grain for Migratory Waterfowl (7 U.S.C. 442-445) and Resident Game Birds (7 U.S.C. 447-449).
5. Disaster Livestock Feed Program (P.L. 86-299 and 88-585) (7 U.S.C. 1427, 1427 note).
6. Donations - Sec. 202 and 416 of the Agricultural Act of 1949, as amended (7 U.S.C. 1446a, 1431); Sec. 210 of the Agricultural Act of 1956 (7 U.S.C. 1859); Sec. 505 of the Agricultural Act of 1958 (7 U.S.C. 1431a); Sec. 202-204 of the Emergency Food Assistance Act of 1983, as amended (P.L. 98-8; 7 U.S.C. 612c note); and Sec. 202, et seq. of the Federal Supplemental Compensation Act of 1982, (P.L. 98-92; 7 U.S.C. 612c note).
7. Sec. 508 of the Rural Development Act of 1972, as amended (7 U.S.C. 2669).
8. Sec. 813 of the Agricultural Act of 1970, as amended (7 U.S.C. 1427a).
9. Exports - Section 5, CCC Charter Act, as amended (15 U.S.C. 714-714p).
10. Section 32 of P.L. 74-320, as amended (7 U.S.C. 612c, 1424).
11. Sec. 203 of the Agricultural Act of 1956 (7 U.S.C. 1853).
12. Sec. 402 of the Mutual Security Act of 1954, as amended (22 U.S.C. 1922).
13. Sec. 110 of the Agricultural Act of 1949, as amended (7 U.S.C. 1445e).
14. Sec. 302 of the Food Security Wheat Reserve Act of 1980 (7 U.S.C. 1736f-1).
15. Emergency Livestock Feed Assistance Programs - Title VI of the Agricultural Act of 1949, as amended (7 U.S.C. 1427 and 1471-1471j).
16. Surplus Agricultural Commodities Disposal - Sec. 423 of the Agricultural Act of 1949, as amended (7 U.S.C. 1433b).

Summary of Dispositions

The Corporation has been able to move substantial quantities of farm commodities into useful channels, both at home and abroad. The value (at acquisition cost) of commodities removed from CCC inventories in fiscal year 1993 was \$2,163.4 million, of which \$141.5 million was for certificate redemptions. Sales proceeds totaled \$1,183.0 million, of which \$119.7 million was for certificates issued.

The following table shows the value of commodities disposed of during fiscal year 1993:

Type of Disposition	Fiscal Year 1993	
	Cost Value	Proceeds
	(thousands of dollars)	
<u>Sales for Dollars:</u>		
Domestic.....	\$479,230 a/	\$394,785 a/
Export.....	56,343	34,783
<u>Public Law 480 (export):</u>		
Title I.....	89,235	91,019 b/
Title II.....	432,097	426,279 b/
Title III.....	183,305	190,902 b/
<u>Donations:</u>		
Domestic.....	292,218	---
Export.....	582,524	---
<u>Transfers to other Government Agencies:</u>		
Domestic.....	39,962	43,055
Export.....	335	181
<u>Inventory Adjustments and Other Recoveries:</u>		
Domestic.....	8,164	2,003
<u>Subtotal:</u>		
Domestic dispositions.....	819,574	439,843
Export dispositions.....	1,343,839	743,164
TOTAL DISPOSITIONS	2,163,413	1,183,007

a/ Includes certificate dispositions.

b/ Proceeds represent the value of commodities charged to P.L. 480 and recorded as sales.

Explanation of Dispositions:Domestic Commercial Sales

For unrestricted use - Commodities acquired under support can be sold for unrestricted use domestically only at prices which are not below minimums prescribed by law. There are no similar minimums on sales of nonstorables.

For restricted use - Commodities may be sold for restricted uses or outlets at less than the minimums prescribed by law. These uses would include new or by-product uses, peanuts, and oilseeds sold for extraction of oil, commodities which have substantially deteriorated in quality, or which are in danger of loss, waste, etc.

Export Commercial Sales

For many years, the Corporation has had authority to sell commodities for export without complying with minimum prices applicable to domestic sales.

FINANCING

Borrowing Authority

CCC operations are financed by borrowings from the U.S. Treasury. P.L. 95-279, approved May 15, 1978, increased the statutory borrowing authority to \$25 billion, to the extent provided in appropriation acts. Then, with the fiscal year 1982 supplemental appropriation act, P.L. 97-257, the availability was permanently increased to \$25 billion. The fiscal year 1988 appropriation act, P.L. 100-202, increased the statutory borrowing authority to \$30 billion. The Corporation reserves a sufficient amount of the borrowing authority to purchase at any time all loans and other obligations held by financial institutions, if any, under the Corporation's programs. As of September 30, 1993, the Corporation had in use \$24,745.3 million of the \$30.0 billion authorized. This left a statutory borrowing authority available of \$5,254.7 million as of September 30, 1993. During fiscal year 1993, the Corporation's borrowing from the Treasury totaled \$20,866.4 million and during the same year \$16,159.5 million was repaid to the Treasury from appropriations received and receipts from operations.

The Department of Agriculture and Related Agencies Appropriation Act, 1966, made provision for terminating interest after June 30, 1964, on the portion of the Corporation's borrowing from the Treasury equal to the unreimbursed realized losses recorded on the books of the Corporation after September 30 of the fiscal year in which such losses are realized.

Reimbursement for Net Realized Losses

During fiscal year 1993, the Corporation received \$9,200.0 million which reimbursed the Corporation for the balance of 1990 losses and part of 1991 losses. As of September 30, 1993, unrestored realized losses were as follows:

<u>Fiscal Year</u>	<u>(Millions)</u>
1991 Losses.....	\$3,020.4
1992 Losses.....	11,675.9
1993 Losses.....	<u>12,454.3</u>
Total Losses.....	27,150.6

Note: The above table reflects revisions which were made to fiscal year 1989 through fiscal year 1992 realized losses subsequent to the completion of last year's Notes. Congress gave CCC authorization in the fiscal year 1994 appropriations act to apply the \$2.9 billion available at the end of fiscal year 1988 from a fiscal year 1988 "Operating Expenses" appropriation to realized losses in subsequent years. CCC applied the \$2.9 billion against losses for fiscal year 1989 and 1990.

These losses are financed by the Corporation's borrowing authority until reimbursed by appropriation.

The fiscal year 1994 appropriation act included \$18,000.0 million which reimbursed the Corporation for 1991 losses of \$3,020.4 million, for 1992 losses of \$11,675.9 million and for

1993 losses of \$3,303.7 million leaving a balance of unrestored 1993 losses of \$9,150.6 million.

EXPENSES

Expenses for acquisition, operation, maintenance, improvement, or disposition of property which the Corporation owns or in which it has an interest have been treated as program expenses. Such expenses include inspection, classing, and grading work performed on a fee basis by Federal employees or Federal or State-licensed inspectors, and work performed on a contract or fee basis by Agricultural Stabilization and Conservation County Committees. Also, expenses of other Federal and private agencies whose services are used in the handling of Corporation property are treated as program expenses. For fiscal year 1991, capital funds of the Corporation were transferred to the appropriation "Salaries and Expenses, Agricultural Stabilization and Conservation Service," as indicated under that appropriation item for operating expenses relating to the Corporation's programs. Beginning in fiscal year 1992, ASCS received a direct appropriation under its "Salaries and Expenses" account for operating expenses relating to the Corporation's programs.

In 1985, ASCS implemented a nationwide network of computer systems to support program delivery functions. All State and county ASCS offices use these systems to support day-to-day program transactions with producers. The systems have dramatically reduced the Agency's dependency upon manually produced and handled forms and reentry of programmatic and financial data in support of program transactions and to meet recurring reporting requirements. In addition, automation of program delivery functions has substantially improved the consistency of program administration among offices and reduced errors associated with interpretation of program policies and procedures. ASCS develops the majority of the software applications used on the automated systems with in-house resources.

The technology acquired in 1985 reached the end of its originally defined system life in 1992. ASCS is in the process of identifying technologies that can be used to extend the system life of this platform until updated technology can be acquired and implemented. The acquisition of information technology will be coordinated under USDA's Info Share Program.

National Wool Act

Appropriations Act, 1994.....	\$179,305,000
Budget Estimate, 1995.....	<u>\$197,952,000</u>
Increase in Appropriation.....	<u>+18,647,000</u>

SUMMARY OF INCREASES AND DECREASES

(On basis of appropriation)

Item of Change	1994 Estimated (1992 Calendar Year)	Increase or Decrease	1995 Estimated (1993 Calendar Year)
Total duties collected in the applicable calendar year	\$440,343,752	\$5,000,248	\$445,344,000
70 percent of duties collected, representing maximum available for reimbursement to CCC	308,240,626	+3,500,174	311,740,800
Appropriation or estimate to reimburse CCC	179,305,000	+18,647,000	197,952,000

The 1994 appropriation covers reimbursement for fiscal year 1993 expenditures (not otherwise recovered) relating to marketings in the 1992 calendar year. The 1995 appropriation estimate covers fiscal year 1994 estimated expenditures relating to marketings in the 1993 calendar year.

PROJECT STATEMENT

(On basis of appropriation)

Item	1993 Actual	1994 Estimated	Decrease	1995 Estimated
Reimbursement to Commodity Credit Corporation for expenditures under the National Wool Act, available or estimate	\$191,115,000	\$179,305,000	+\$18,647,000(1)	\$197,952,000

EXPLANATION OF PROGRAM

The wool and mohair payment program administered by the Agricultural Stabilization and Conservation Service is required by the National Wool Act of 1954, as amended. The Act, which has been extended several times, was extended by the Food, Agriculture, Conservation, and Trade Act of 1990 to cover marketings through December 31, 1995.

In addition to the Omnibus Budget Reconciliation Act of 1993 (OBRA-93), the National Wool Act Amendments of 1993 (P.L. 103-130) has drastically affected the wool and mohair programs. P.L. 103-130 effectively repeals the National Wool Act of 1954. The Secretary of Agriculture, beginning January 1, 1996, may not provide loans or payments for wool or mohair by using funds of the Commodity Credit Corporation or under authority of any law. Payments to wool and mohair ranchers will be restricted to 75 percent and 50 percent of the traditionally-calculated sum for the 1994 and 1995 marketing years, respectively. Recourse loans though, will be made available for the 1994 and 1995 marketing years to wool and mohair producers at no net cost to the Federal government. OBRA-93 limits the maximum amount of incentive payments that an individual can receive to \$125,000 and \$100,000 for the 1994 and 1995 marketing years, respectively. Also, the USDA is prohibited from deducting certain marketing charges (coring, grading, and commissions) in determining net sales proceeds and the national payment rates for shorn wool and shorn mohair. Furthermore, OBRA-93 eliminates the marketing assessment for wool and mohair beginning with the 1993 marketing year.

Payments are made on marketings during each calendar year on shorn wool, unshorn lambs (to compensate producers for the wool on lambs) and mohair. The payments are made beginning in April for marketings during the previous year at a rate approximating the difference between the support price and the national average price received by producers.

To encourage producers to do a good job of marketing their wool and to receive the best possible price in the market, a percentage of the actual price received by the producer is used as the payment rate rather than making a uniform flat payment per pound of wool. The higher the market price the producer obtains, the greater the incentive payment he will receive.

Payments, initially financed by CCC, are made to eligible producers through the Agricultural Stabilization and Conservation Service county offices. Total payments under the Act are limited to 70 percent of the accumulated gross receipts from import duties collected on and after January 1, 1953, on wool and wool manufactures.

The Omnibus Budget Reconciliation Act of 1990, as amended by the Omnibus Budget Reconciliation Act of 1993, provided for a marketing assessment for the 1991 and 1992 marketing years for wool and mohair. Wool and mohair producers had their incentive payments reduced by one percent.

The following table shows amounts collected and available for payment (in thousands of dollars).

Item	Fiscal Year 1993 (1992 Marketing Year) Actual	Fiscal Year 1994 (1993 Marketing Year) Estimate	Fiscal Year 1995 (1994 Marketing Year) Estimate
Available for payments, 70 percent of duties collected:			
Cumulative from January 1, 1953.....	\$5,524,832	\$5,836,573	\$6,151,814
Cumulative payments to producers.....	<u>2,513,876</u>	<u>2,707,276</u>	<u>2,840,976</u>
Balance available, end of year.....	<u>3,010,956</u>	<u>3,129,297</u>	<u>3,310,838</u>

The Act provides that the Corporation will be reimbursed for payments to producers and operating costs from the permanent appropriation. The amounts appropriated for any fiscal year shall not exceed 70 percent of the duties collected during the period January 1 to December 31 preceding the beginning of each such fiscal year.

JUSTIFICATION OF INCREASES AND DECREASES

- (1) An increase of \$18,647,000 in the appropriation to reimburse the Commodity Credit Corporation.

<u>Item of Change</u>	<u>1994 Estimate (Fiscal Year 1993 Expendi- tures)</u>	<u>Increase or Decrease</u>	<u>1995 Estimate (Fiscal Year 1994 Expendi- tures)</u>
Payments to producers:			
Shorn wool.....	\$ 93,131,000	+\$15,369,000 (a)	\$108,500,000
Unshorn lambs.....	22,911,000	+2,489,000 (b)	25,400,000
Mohair.....	<u>60,503,000</u>	<u>-1,003,000 (c)</u>	<u>59,500,000</u>
Total payments.....	176,545,000	+16,855,000	193,400,000
Wool and mohair loans made.....	0	+4,800,000	4,800,000
Wool and mohair loans repaid.....	<u>0</u>	<u>-4,300,000</u>	<u>-4,300,000</u>
Net Lending.....	0	+500,000 (d)	500,000
Interest expenses.....	4,570,000	-518,000 (e)	4,052,000
Assessments.....	<u>-1,810,000</u>	<u>+1,810,000 (f)</u>	<u>0</u>
Total.....	<u>179,305,000</u>	<u>+18,647,000</u>	<u>197,952,000</u>

Need for Change. Commodity Credit Corporation funds are used to operate the wool incentive and mohair support program. The Corporation is reimbursed for the program costs by a permanent appropriation which is limited to 70 percent of all duties collected on wool and wool manufactures during the preceding calendar year. Estimated program costs for fiscal year 1994 are \$197,952,000. Program cost are estimated to increase in fiscal year 1994, due to higher payments because of lower market prices received for wool partially offset by lower payments for mohair. Elimination of the wool and mohair assessments and implementation of a recourse loan program also contributes to the increase.

Nature of Change.

- (a) An increase of \$15,369,000 in shorn wool payments (\$93,131,000 in 1994). This results from a projected decrease in the season average price for shorn wool, from \$0.74 to \$0.55 per pound, increasing the payment rate from \$1.23 to \$1.49 per pound, which is partially offset by lower marketings of shorn wool.
- (b) An increase of \$2,489,000 in payments on unshorn lambs (\$22,911,000 in 1994). This increase is due to a increase in the payment rate for wool as explained above, increasing the payment rate for unshorn lambs from \$4.92 to \$5.96 per hundredweight, which is partially offset by lower marketings of unshorn lambs.

- (c) A decrease of \$1,003,000 in payments on mohair (\$60,503,000 in 1994).
This decrease is primarily due to a decrease in mohair marketings which is partially offset by a decrease in the season average price from \$.86 to \$.80, resulting in an increase in the payment rate from \$3.753 to \$3.938 per pound.
- (d) An increase of \$500,000 in net lending (\$0 in 1994).
This increase is due to implementation of a wool and mohair recourse loan program, effective with the 1994 marketing year.
- (e) A decrease of \$518,000 in interest expenses (\$4,570,000 in 1994).
This decrease is due primarily to a decrease in the interest rate charged the Corporation for Treasury borrowings which is partially offset by an increase in program costs due to higher payments.
- (f) A decrease (no gain) of \$1,810,000 in assessments (\$1,810,000 in 1994). This increase in expenditures is caused by elimination of the the assessment charge to producers (1% of total payments) as required by the Omnibus Budget Reconciliation Act of 1993.

EXPENDITURES AND REIMBURSEMENTS TO CCC
UNDER THE NATIONAL WOOL ACT

Costs

Expenditures under this program include payments to producers, plus operating and interest costs. The following table shows the basis of the estimates for fiscal years 1993, 1994, and 1995.

Item	Fiscal Year 1993 (1992 Marketing Year) Actual	Fiscal Year 1994 (1993 Marketing Year) Estimated	Fiscal Year 1995 (1994 Marketing Year) Estimated
Volume of Marketings:			
Pounds of shorn wool.....	76,600,000	73,500,000	71,000,000
Hundredweight, unshorn lambs.	4,800,000	4,400,000	4,200,000
Pounds of mohair.....	15,700,000	15,200,000	15,000,000
Incentive or Support Level:			
Price per lb of wool (cents).....	197.0	204.0	209.0
Price per lb of mohair (cents).....	461.3	473.8	473.9
Percent of parity - wool.	58.8	58.8	56.6
Percent of parity - mohair.....	50.0	50.0	48.1
Payments under Act - Rates:			
Shorn wool, per lb (cents).....	123.0	149.0	154.0
Unshorn lambs, cwt (cents).....	492.0	596.0	556.0
Mohair, per lb (cents)...	375.3	393.8	464.7
Amount of Payments:			
Shorn wool.....	\$93,131,000	\$108,500,000	\$73,600,000
Unshorn lambs.....	22,911,000	25,400,000	17,300,000
Mohair.....	60,503,000	59,500,000	42,800,000
Total payments.....	176,545,000	193,400,000	133,700,000
Recourse loan activity:			
Wool and mohair loans made.....	---	4,800,000	5,600,000
Wool and mohair loans repaid.....	---	-4,300,000	-5,800,000
Net Lending.....	---	500,000	-200,000
Marketing Assessments:			
Wool.....	-1,169,000	---	---
Mohair.....	-641,000	---	---
Interest Expense.....	4,570,000	4,052,000	3,917,000
Current year expenditures..	179,305,000	197,952,000	137,417,000
Unrecovered balance, prior years.....	191,115,000	179,305,000	197,952,000
Total cumulative unrecovered balance....	370,420,000	377,257,000	335,369,000
Reimbursement to CCC (70 percent of preceding calendar year duty collections) a/.....	-191,115,000	-179,305,000	-197,952,000
Unrecovered balance, end of year.....	179,305,000	197,952,000	137,417,000

a/ Reimbursement limited to actual expenditures of preceding fiscal year and prior fiscal year amounts not previously reimbursed.

NATIONAL WOOL ACT

STATUS OF PROGRAM

The 1990 FACT Act extends provisions of the National Wool Act of 1954 (the 1954 Act), as amended, under which support of prices of wool and mohair is mandatory. The Corporation makes payments to producers in order to bring the national average price received by all producers up to the support price required under the Act.

Funds of the Corporation are used to carry out this program. Section 705 of the 1954 Act provides that the Corporation be reimbursed for any expenditures made in connection with payments to producers, but the amount of reimbursement in any fiscal year cannot exceed 70 percent of the gross receipts from all import duties collected on wool and wool manufacturers from January 1 through December 31 preceding the beginning of each fiscal year.

Price Support and Payment Limitations

For the first time, wool and mohair price support payments are subject to a payment limitation. The maximum payment a person may receive from the wool and mohair programs is limited separately for wool and mohair in marketing year 1991 at \$200,000 with a reduction of \$25,000 in each subsequent marketing year through 1995.

Costs

Costs incurred under the wool program include payments and operating and interest costs. The cost of the wool program in fiscal year 1993 was \$179.3 million which included \$116.0 million in payments on 1992 wool marketings, \$60.5 million in payments on 1992 mohair marketings, and \$4.6 million in interest costs, partly offset by \$1.8 million in marketing assessments on wool and mohair. For fiscal years 1992 through 1995, certain administrative costs of operating the program were and will not be charged to National Wool Act program costs. Rather, such costs were and will be financed from the direct appropriation made to the consolidated ASCS Salaries and Expenses Account, since CCC Transfers were not authorized in the 1992, 1993 and 1994 Appropriations Acts.

The following table shows the historical cost data for the wool program:

COST OF WOOL PROGRAMS FINANCED BY CCC

Year	National Wool Act Payment Program (Fiscal year)	Gross Receipts from Duties Collected on Wool and Wool Manufacturers (Calendar Year)	70% of Duties Collected on Wool and Manufacturers Available for Payments (Calendar Year)
1953	—	\$75,768,963	\$53,038,274
1954	—	56,635,765	39,645,036
1955	\$187,684	69,930,183	48,951,128
1956	2,020,975	74,694,145	52,285,902
1957	61,292,352	67,233,972	47,063,780
1958	57,182,448	71,500,447	50,050,313
1959	20,025,827	95,985,584	67,189,909
1960	92,653,681	107,539,419	75,277,593
1961	60,886,811	98,806,944	69,164,861
1962	65,347,054	128,827,847	90,179,493
1963	63,164,602	132,071,019	92,449,713
1964	73,203,933	113,323,654	79,326,558
1965	22,577,216	173,538,080	121,476,656
1966	38,260,163	158,357,675	110,850,372
1967	34,792,675	138,500,000	96,950,000
1968	72,451,002	168,000,000	117,600,000
1969	67,892,514	152,866,000	107,006,200
1970	56,272,766	133,489,000	93,442,300
1971	75,430,447	95,281,000	66,696,700
1972	116,545,406	84,005,000	58,803,500
1973	74,000,154	92,025,000	64,417,500
1974	7,735,468	83,738,000	58,616,600
1975	18,888,000	82,993,000	58,095,100
1976	47,275,000 ^{1/}	131,240,000	91,868,000
1977	10,428,000	178,155,000	124,708,500
1978	33,038,000	205,181,000	143,626,700
1979	39,421,000	195,155,500	136,608,850
1980	34,520,000	222,832,313	155,982,619
1981	42,078,000	247,895,236	173,526,665
1982	53,855,000	240,636,200	168,445,340
1983	93,575,000	269,704,917	188,793,442
1984	131,959,000	402,269,431	281,588,602
1985	109,365,000	411,386,171	287,970,320
1986	122,689,000	427,121,077	298,984,754
1987	152,130,000	417,255,211	292,078,648
1988	4,527,000 ^{2/}	435,621,668	304,935,168
1989	93,485,000	417,764,882	292,435,417
1990	104,407,000	395,683,738	276,978,617
1991	172,240,000	399,259,304	279,481,513
1992	191,115,000	440,343,752	308,240,626
1993	179,305,000	445,300,000 ^{3/}	311,710,000 ^{3/}
TOTAL	2,696,223,178	8,337,916,097	5,836,541,269

^{1/} Includes costs of \$1,815,000 for the transition quarter.

^{2/} Fiscal year 1988 outlays of \$130,635,000 include the advance appropriation of \$126,108,000 as a credit, which was recorded as a wool program receipt by Treasury.

^{3/} Estimates.

NOTE: Excludes \$116 million in CCC losses on commodity loan and inventory operations prior to National Wool Act.

Promotion Activities

The 1990 FACT Act extends the 1954 National Wool Act provision that advertising and sales promotion programs may be conducted for wool and mohair. Programs of advertising and sales promotion for wool, lamb, and mohair are carried out by approved organizations established by growers for this purpose. Activities are designed to improve demand for products in the free market. Advertising and sales promotion programs may be conducted outside of the United States for the purpose of maintaining and expanding foreign markets and uses for wool, mohair, sheep, or goats or the products thereof produced in the United States. The 1990 Act amends the National Wool Act of 1954 to change the referendum approval from two-thirds to a majority of producers or a majority of production. A non-refundable deduction of 1 percent will be made from the amount of payment each marketing year through 1995 for marketing assessments in accordance with the Omnibus Budget Reconciliation Act of 1990.

A "self-help" program for advertising, promotion, and related market development activities is authorized, if approved by producers, by Section 708 of the National Wool Act of 1954. These promotion activities are financed from CCC producer payments and do not increase CCC outlays. In a referendum held August 19 through August 30, 1991, wool producers approved an agreement (70.4 percent of producers, owning 74.6 percent of the sheep) to continue deductions from Commodity Credit Corporation wool incentive payments to finance the promotion of wool. The agreement authorizes continued deductions from payments made under the National Wool Act on wool and unshorn lambs marketed during 1991 through 1995. The new agreement authorizes deductions of up to 7 cents per pound on shorn wool and 35 cents per hundredweight on unshorn lambs. When wool and lamb payments are computed, these deductions are withheld and forwarded to the American Sheep Industry Association to finance advertising and sales promotion programs.

Mohair producers voted in a referendum held June 17 through 28, 1991, and approved an agreement (86.8 percent of the producers) authorizing deductions from Commodity Credit Corporation mohair incentive payments to finance domestic and foreign advertising, and sales promotion programs of mohair. The agreement authorizes deductions from payments made under the National Wool Act on mohair marketed during 1991 through 1995. The agreement authorizes deductions of up to 4-1/2 cents per pound on mohair which are withheld from mohair payments and forwarded to the Mohair Council of America.

PUBLIC LAW 480

Purpose Statement

Facilities and funds of the Commodity Credit Corporation are, by law, used in carrying out programs for exporting agricultural commodities. The law also authorizes appropriations to be made to cover costs of such programs. When funds for Title I ocean freight differential, Title II, and Title III become available, advances are made to the Corporation for estimated costs. If the amounts appropriated are greater than actual costs, the excess is used to reduce future appropriation requests.

The following activities are carried out under the Agricultural Trade Development and Assistance Act of 1954, Public Law 480, 83rd Congress, as amended by the Food, Agriculture, Conservation, and Trade Act of 1990 (FACT Act):

1. Financing sales of agricultural commodities to developing countries for dollars on credit terms, or for local currencies (including for local currencies on credit terms) for use under section 104; and for furnishing commodities to carry out the Food for Progress Act of 1985, as amended (Title I). All sales are made pursuant to agreements concluded under the authority of Title I, using funds appropriated for P.L. 480. The Commodity Credit Corporation may serve as the purchasing or shipping agent, or both, for the importing country or may award contracts for freight agent services on behalf of the Corporation to handle shipping of commodities under P.L. 480.

Sales are made to developing countries as defined in section 402(4) of P.L. 480 and must not displace expected commercial sales (sections 403(e) and (h)). Agreements are made with developing countries for delivery in accordance with the terms of agreement.

Funds appropriated to carry out Title I may also be used to furnish commodities to carry out the Food for Progress Act of 1985. Such commodities may be furnished on credit terms or on a grant basis in order to assist developing countries and countries that are emerging democracies that have made a commitment to introduce and expand free enterprise elements in their agricultural economies.

2. Commodities supplied in connection with dispositions abroad (Title II). Commodities are supplied without cost to developing countries to combat malnutrition, and to meet famine and other emergency requirements. The Corporation pays ocean freight on shipments under this title and may also pay overland transportation costs to a landlocked country, as well as internal distribution costs in emergency situations.

3. Commodities supplied in connection with dispositions abroad (Title III). Under Title III, agricultural commodities are furnished to least developed countries as defined in section 302(a). Commodities are provided through foreign governments for direct feeding, development of emergency food reserves or may be sold with the proceeds of such sale used by the recipient country for specific economic development purposes. The Corporation may pay, in connection with furnishing commodities under Title III, the same cost items as are authorized under Title II.

Credit Reform

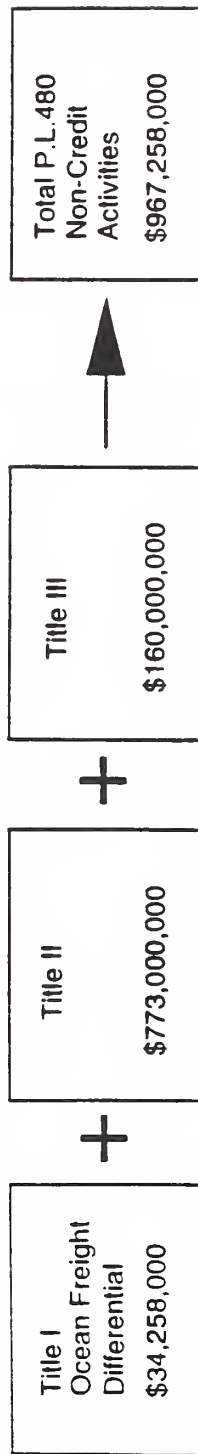
Credit reform procedures for Federal credit programs authorized by the Budget Enforcement Act of 1990, Title XIII of the Omnibus Budget Reconciliation Act of 1990, were incorporated beginning with the 1992 budget. These procedures require that budget authority and outlays for direct credit and guarantee programs represent their subsidy costs, including interest subsidies, defaults, and administrative expenses, rather than disbursements net of repayments and other collections. In addition to the request for subsidy budget authority, the proposed 1995 appropriation language includes the estimated direct credit that would be extended based on the subsidy amount requested. The appropriation language also specifies the portion of the requested budget authority to be used for administrative expenses. Budget authority for the subsidy represents the present value of estimated net cashflows over the lifetime of the credit issued; whereas outlays represent the portion of the subsidy related to the credit issued within the year. Budget authority and outlays for the subsidies are presented in the Budget in "program accounts." All disbursement and repayment activity related to credit issued in fiscal year 1992 or later appear in a "financing account" and are considered "off-budget" for purposes of estimating the deficit. Budget authority and outlays for portfolios of credit existing prior to implementation of credit reform are reflected in the budget in "liquidating accounts" and are calculated as before, to represent disbursements and borrower repayments.

For P.L. 480, the "loan program account" is comprised of the estimated subsidy for direct credit extended to finance Title I commodities and related Title I administrative expenses. In fiscal year 1995, the appropriation request for the P.L. 480 program account is \$278,182,000. Because credit reform rules require the separate treatment of credit and non-credit activities, a separate appropriation of \$967,258,000 is requested for the non-credit P.L. 480 activities which include Title I ocean freight differential and the Titles II and III programs. The total appropriation request for P.L. 480 in fiscal year 1995 is \$1,245,440,000.

The chart on the next page depicts the fiscal year 1995 proposed appropriation for P.L. 480 non-credit and credit activities:

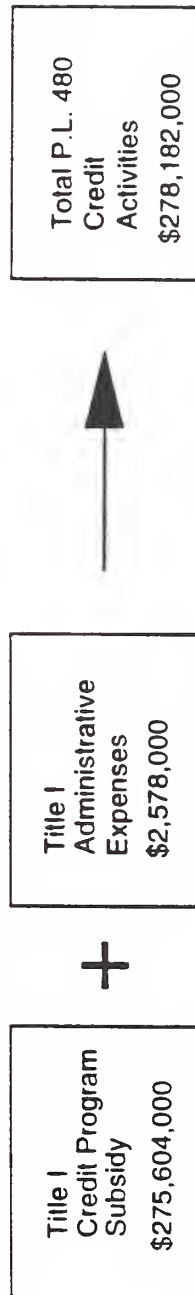
FY 1995 P.L.480 APPROPRIATION REQUEST

P.L.480 Non-Credit (Grant) Activities



+

P.L.480 Credit Activities



\$1,245,440,000

Total FY 1995 P.L.480 Appropriation Request

PUBLIC LAW 480
Available Funds
1993 Actual and Estimated, 1994 and 1995

Item	1993 Actual a/	1994 Estimated	1995 Estimated
Financing the sale of agricultural commodities for dollars on credit terms and for foreign currencies, and furnishing commodities to carry out the Food for Progress Act of 1985 (Title I)			
Credit Authority	\$497,573,348	\$450,446,000	\$340,000,000
Subsidy	\$342,003,000	\$346,889,000	\$275,604,000
Administrative Expenses:			
OGSM	1,467,000	1,500,000	1,524,000
ASCS	1,036,000	1,036,000	1,054,000
Total admin expenses (Title I)	2,503,000	2,536,000	2,578,000
Title I and Admin Expenses Available:			
Title I Credit Authority	497,573,348	450,446,000	340,000,000
Credit Subsidy and Admin Expenses	344,506,000	349,425,000	278,182,000
Ocean freight differential (Title I)	45,280,000	45,927,000	34,258,000
Commodities supplied in connection with dispositions abroad (Title II)	831,500,000	821,570,000	773,000,000
Commodities supplied in connection with dispositions abroad (Title III)	312,094,000	280,083,000	160,000,000
PL 480 Grant appropriation:			
Title I ocean freight differential, Title II and Title III programs	1,188,874,000	1,147,580,000	967,258,000
Total program costs funded	1,686,447,348	1,598,026,000	1,307,258,000
Total available (P.L. 480) b/	1,533,380,000	1,497,005,000	1,245,440,000
Total credit sales limitation	497,573,348	450,446,000	340,000,000

a/ Titles II and III were reapportioned in June 1993 to transfer \$5 million in program level and budget authority from Title III to Title II to provide emergency food assistance to the states of former Yugoslavia and in September 1993 to transfer \$16.5 million in unallocated program level and appropriation from P.L. 480 Title III to Title II to provide for Title II transportation costs to be disbursed in fiscal year 1994.

b/ Includes amounts available for P.L. 480 administrative expenses.

Notes: Effective in fiscal year 1992, obligations incurred in a fiscal year under Public Law 480 Title I are based on the date the purchase authorization is issued with an anticipated export date by December 31. Title II obligations incurred are based on a commodity contract award date issued by September 30 with an anticipated export date of December 31. Title III obligations are based on the date the request for commodity purchase is made (the "call forward" date), with a commodity contract award date by September 30.

Beginning in fiscal year 1992, under credit reform procedures, obligations for Title I purchase authorizations are limited to the credit level amount in the appropriation language. The related subsidy will be based on country risk assessments and the total limited to the appropriated subsidy. Credit sales made are financed from the financing account. Related Title I ocean freight differential costs are paid from a separate P.L. 480 grant account as are Title II and III program costs. Financing of Title I obligations incurred prior to fiscal year 1992 is carried out through the liquidating account. P.L. 480 funds and authorities for all three titles remain available until expended, unless otherwise provided.

The following table reconciles budget authority to outlays financed by the P.L. 480 appropriation:

Reconciliation of Budget Authority to On-Budget Outlays

	FY 1993 Actual a/	FY 1994 Estimated	1995 Estimated
<u>Program Account</u>			
Budget Authority, Credit Subsidy	\$342,003,000	\$346,889,000	\$275,604,000
Budget Authority, Admin Expenses	2,503,000	2,536,000	2,578,000
Change in obligated balances	-21,988,601	74,229,000	30,359,000
Outlays, Title I Program Account	322,517,399	423,654,000	308,541,000
<u>Grant Account</u>			
<u>Title I OFD</u>			
Budget Authority, Title I Ocean Freight Differential (OFD)	45,280,000	45,927,000	34,258,000
Change in obligated balances	9,982,792	-1,744,000	4,979,000
Outlays, Title I OFD	55,262,792	44,183,000	39,237,000
<u>Title II</u>			
Commodity Costs	510,800,000	533,311,000	505,555,000
Ocean and inland transportation	299,080,000	263,116,000	252,399,000
Farmer-to-Farmer Assistance b/	11,620,000	11,643,000	1,546,000
Transfers to Private Voluntary Organizations (PVO's) c/	10,000,000	13,500,000	13,500,000
Title II, Budget Authority	831,500,000	821,570,000	773,000,000
Change in obligated balances	-71,652,882	80,806,000	18,081,000
Outlays, Title II	759,847,118	902,376,000	791,081,000
<u>Title III</u>			
Commodity Costs	190,901,000	201,300,000	115,000,000
Ocean and inland transportation	120,540,000	78,183,000	44,400,000
Farmer-to-Farmer Assistance	653,000	600,000	600,000
Title III, Budget Authority	312,094,000	280,083,000	160,000,000
Change in obligated balances	-5,226,657	55,377,000	85,979,000
Outlays, Title III	306,867,343	335,460,000	245,979,000
On-Budget Outlays, Total PL 480:			
Program Account:			
Outlays, Title I subsidy & administrative expenses	322,517,399	423,654,000	308,541,000
Grant Account:			
Title I OFD	55,262,792	44,183,000	39,237,000
Title II	759,847,118	902,376,000	791,081,000
Title III	306,867,343	335,460,000	245,979,000
Outlays, Grant Account	1,121,977,253	1,282,019,000	1,076,297,000
Total Outlays, P.L. 480	1,444,494,652	1,705,673,000	1,384,838,000

a/ Titles II and III were reapportioned in June 1993 to transfer \$5 million in program level and budget authority from Title III to Title II to provide emergency food assistance to the states of former Yugoslavia and in September 1993 to transfer \$16.5 million in unallocated program level and appropriation from P.L. 480 Title III to Title II to provide for Title II transportation costs to be disbursed in fiscal year 1994. Authority for the transfers is contained in the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 1993.

b/ Includes technical assistance to be made available to the newly independent states of the former Soviet Union.

c/ Provides funds for private voluntary organizations and cooperatives to assist in meeting administrative, management and internal transportation and distribution costs for carrying out Title II programs.

P.L. 480 PROGRAM ACCOUNT-DIRECT CREDIT

	Limitation on Direct Credit	Subsidy	Administrative Expenses
Appropriations Act, 1994	\$450,446,000	\$346,889,000	\$2,536,000
Budget Estimate, 1995	<u>340,000,000</u>	<u>275,604,000</u>	<u>2,578,000</u>
Increase or Decrease in Amount	-110,446,000	-71,285,000	42,000

SUMMARY OF INCREASES AND DECREASES
(on basis of appropriations)

Item of Change	1994 Estimated	Program Changes	1995 Estimated
P.L. 480 Direct Credit Level	\$450,446,000	-\$110,446,000	\$340,000,000
Subsidy costs	346,889,000	-71,285,000	275,604,000
Administrative expenses:			
General Sales Manager	1,500,000	24,000	1,524,000
ASCS	1,036,000	18,000	1,054,000
Total, Administrative Expenses	<u>2,536,000</u>	<u>42,000</u>	<u>2,578,000</u>

Public Law 480 Grants
(on basis of appropriation)

	(Title I) Ocean Freight Differential	(Title II) Emergency and Private Assistance Programs a/	(Title III) Food for Development a/	Total
Appropriations Act, 1994	\$45,927,000	\$821,570,000	\$280,083,000	\$1,147,580,000
Budget Estimate, 1995	<u>34,258,000</u>	<u>773,000,000</u>	<u>160,000,000</u>	<u>967,258,000</u>
Decrease in Appropriation	-11,669,000	-48,570,000	-120,083,000	-180,322,000
a/ Commodities supplied in connection with dispositions abroad.				

SUMMARY OF INCREASES AND DECREASES
(on basis of appropriation)

Item of Change	1994 Estimated	Program Changes	1995 Estimated
Ocean Freight Differential (Title I)	\$45,927,000	-\$11,669,000	\$34,258,000
Commodities supplied in connection with dispositions abroad (Title II)	821,570,000	-48,570,000	773,000,000
Commodities supplied in connection dispositions abroad (Title III)	280,083,000	-120,083,000	160,000,000
Total Appropriation	1,147,580,000	-180,322,000	967,258,000

PUBLIC LAW 480
PROJECT STATEMENT
(on basis of appropriation and available funds)

Project	1993 Actual	1994 Estimated	Increase or Decrease	1995 Estimated
1. Financing the sale of agricultural commodities for dollars on credit terms and for foreign currencies, and furnishing commodities for Food for Progress, and for administrative expenses (Title I)				
Direct Credit	\$497,573,348	\$450,446,000	-\$110,446,000	\$340,000,000
Subsidy	342,003,000	346,889,000	-71,285,000	275,604,000
Administrative Expenses	2,503,000	2,536,000	42,000	2,578,000
2. Ocean Freight Differential (Title I)	45,280,000	45,927,000	-11,669,000	34,258,000
3. Commodities supplied in connection with dispositions abroad (Title II)	831,500,000	821,570,000	-48,570,000	773,000,000
4. Commodities supplied in connection with dispositions abroad (Title III)	312,094,000	280,083,000	-120,083,000	160,000,000
Total, appropriation	1,533,380,000	1,497,005,000	-251,565,000	1,245,440,000
P.L. 480 Summary:				
Direct Credit	497,573,348	450,446,000	-110,446,000 (1)	340,000,000
Subsidy	342,003,000	346,889,000	-71,285,000 (2)	275,604,000
Administrative Expenses	2,503,000	2,536,000	42,000 (3)	2,578,000
Grants	1,188,874,000	1,147,580,000	-180,322,000 (4)	967,258,000

Note: Requests have been submitted to the Congress to rescind a total of \$85 million in FY 1994 P.L. 480 budget authority and \$95.6 million in program level. The rescissions would reduce Title I subsidy budget authority by \$35.4 million (Title I credit level would be reduced by \$46.0 million) and Title I ocean freight differential budget authority and program level by \$4.6 million for a total Title I budget authority reduction of \$40.0 million (program level reduction of \$50.6 million). The rescission requests would also reduce Title III budget authority and program level by \$45 million.

EXPLANATION OF PROGRAM

Under Public Law 480, as amended, exports of available agricultural commodities are made to developing countries. Factors determining commodity availability are productive capacity, domestic requirements, farm and consumer price levels, anticipated commercial exports, and adequate carryover. No commodity is available for disposition if it would reduce the domestic supply below that which is needed to meet domestic requirements, adequate carryover, and anticipated exports for dollars, unless the Secretary determines that some part of the supply should be used for urgent humanitarian purposes. No commodities may be made available except upon determination that adequate storage facilities are available in the recipient country at the time of exportation to prevent spoilage or waste and that the distribution will not be a substantial disincentive to the recipient country's domestic production. In carrying out this program, emphasis is placed on assistance to those countries that are determined to help themselves by improving their agricultural production and economic development.

No agreements may be made with the government of any country which engages in a consistent pattern of gross violations of internationally recognized human rights or other flagrant denial of the right to life, liberty, and personal security unless the use of the commodities themselves or proceeds from their sale is targeted to the most needy people of that country and is made available through channels other than the government.

The authorization for agreements to finance sales and programs of assistance under Public Law 480 was extended through December 31, 1995, by amendments included in the FACT Act, Public Law 101-624, signed November 28, 1990.

TITLE I

The P.L. 480 Title I appropriation finances all sales made pursuant to agreements concluded under Title I. Sales are made to developing countries--as defined in section 402(4) of the Act--and do not displace expected commercial sales for cash dollars (sections 403(e) and (h)).

In order to stimulate and increase sales for dollars through credit, this title provides for sales of U.S. farm products under long-term credit arrangements. The purpose is to expand international trade, develop and expand export markets, and encourage economic development in the developing countries. Agreements are made with the governments of developing nations.

Repayments for agricultural commodities sold under Title I may be made, with interest at a concessional rate as determined by the Secretary, either in U.S. dollars or in local currencies on credit terms up to 30 years, with a grace period of up to seven years. Interest is charged from the date of last delivery in each calendar year. Payments received under fiscal year 1992 and future agreements will be deposited in a financing account for use by the U.S. Treasury to offset U.S. Government outlays.

Local currencies received under Title I sales agreements may be used in carrying out activities under section 104 of the Agricultural Trade Development and Assistance Act of 1954, as amended. Activities in the recipient country for which these local currencies may be used include developing new markets for U.S. agricultural commodities on a mutually beneficial basis, paying U.S. obligations, and supporting agricultural development or research.

Under the Food for Progress Act of 1985, the Corporation may finance the sale and exportation of agricultural commodities on credit terms, or on a grant basis, to support developing countries and countries that are emerging democracies and have commitments to introduce or expand free enterprise elements in their agricultural economies. For commodities furnished on a grant basis, the Corporation may pay,

in addition to acquisition costs and ocean transportation, such related commodity and delivery charges as are specified for commodities supplied under Title II.

For most sales agreements under Title I, the Corporation will pay ocean freight charges only to the extent of the differential between U.S.-flag rates and foreign-flag rates when U.S.-flag vessels are required to be used by authority of the Merchant Marine Act. In limited cases, full transportation costs to port of entry or point of entry abroad may be included with the cost of the commodity in the amount financed by CCC to ensure that U.S. food aid will reach the most needy recipients.

Section 411 of P.L. 480 authorizes the President to waive payments of principal and interest under dollar credit sales agreements for countries which are least developed and have in effect either an International Monetary Fund standby agreement, a structural adjustment program of the International Bank for Reconstruction and Development or if no agreement is in effect, the country is pursuing a policy to promote democratic, market-oriented and long-term economic development. If such authority is used to waive payments, no new Title I assistance may be provided for that country for two years following the date of the authorized waiver unless the President provides prior written justification to the Congress. The aggregate amount of principal and interest that are waived may not exceed the amounts approved for such purpose in an Act appropriating funds to carry out P.L. 480.

TITLE II

Under Title II, as amended, commodities are supplied to foreign countries to combat malnutrition, to meet famine or other urgent relief requirements, promote sound environmental practices and carry out the United States' commitment to the World Food Program.

Amendments to Title II statutory authorities included in the Food, Agriculture, Conservation, and Trade Act of 1990 require that a minimum of 1.925 million metric tons (grain equivalent basis) of agricultural commodities be programmed in fiscal year 1991. The minimum Title II program requirement increases by 25,000 metric tons for each subsequent year through fiscal year 1995. Of the 1991 program requirement, a minimum 1.450 million metric tons (grain equivalent basis) were to be distributed for nonemergency programs through voluntary agencies, cooperatives and the World Food Program, unless the Administrator of the Agency for International Development (AID) determines and reports to Congress that such an amount cannot be used effectively or is needed in order to meet an emergency. The nonemergency program requirement also increases by 25,000 metric tons for each subsequent year through fiscal year 1995.

Commodities requested may be furnished from the Corporation's inventory acquired under price support programs or purchased from private stocks. Commodities furnished from the Corporation's inventory which are acquired under a domestic price support program are valued at a price not greater than the export market price at the time of delivery for purposes of determining the reimbursement due the Corporation.

The Corporation also finances the costs of ocean transportation to ports of entry, or to points of entry other than ports in the case of landlocked countries, or when the use of a point of entry other than port would result in substantial savings in costs or time.

The Corporation may also pay transportation costs from designated ports of entry or points of entry abroad to storage and distribution sites, and associated storage and distribution costs for commodities, including prepositioned commodities, made available to meet urgent or extraordinary relief requirements.

Local distribution is usually made by nonprofit voluntary agencies, including foreign voluntary agencies when no United States agency is available, as well as by local governments.

For fiscal years 1991 through 1995, no less than \$10.0 million nor more than \$13.5 million of the funds provided annually for Title II shall be made available to private voluntary organizations and cooperatives to assist these organizations in establishing new Title II programs or to meet specific administrative, management and internal transportation and distribution costs for carrying out Title II programs in foreign countries. A request for such funds must be made by the organization and is subject to approval by the Administrator of AID.

Amendments made by the FACT Act also establish a Food Aid Consultative Group headed by the Administrator to meet on an on-going basis to review and address Title II regulations and procedures for their effectiveness in governing Title II programs. The Group shall terminate on December 31, 1995.

Assistance under Title II is directed toward activities designed to alleviate the causes of the need for such aid. Programs of assistance shall not be undertaken under this title during any fiscal year which call for an appropriation to reimburse the Corporation in excess of \$1 billion plus the unused prior year's authorization.

TITLE III

The Agricultural Trade Development and Assistance Act of 1954, as amended in 1990, established a new Title III program, beginning January 1, 1991. AID administers the Title III program.

Under this program, which emphasizes the integration of U.S. food aid programs into the development programs of the U.S. government and those of the recipient country, commodities are donated to least developed countries. The donated commodities may be used in direct feeding programs or may be sold in the recipient country and the revenue generated may be used in that country to promote economic development. The law stresses several specific development themes including enhancement of food security, privatization of food and agricultural distribution systems, and support of nutrition improvement and child survival initiatives. In general, Title III resources may be used to promote broad-based, equitable, and sustainable economic development, including agriculture.

The "least developed" countries are defined in section 302 of P.L. 480 and are based on the poverty criteria established for Civil Works Preference by the World Bank. For fiscal year 1993, this criteria included countries with a per capita GNP of less than \$635.

Countries that do not meet the poverty criteria may still be considered "least developed" for purposes of Title III eligibility if they meet each of the following three food deficit criteria established in P.L. 480: the daily per capita consumption of the country is less than 2,300 calories; the mortality rate of children under five years of age in the country is in excess of 100 per 1,000 births; and the country is unable to meet its food security requirements through domestic production or imports due to a shortage of foreign exchange earnings.

Based on the fiscal year 1993 guidelines, 54 countries, one-half of which are in Africa, are identified as "least developed," and are therefore considered eligible for Title III food aid.

Although a country may satisfy the definition of a "least developed country," it still may not be provided assistance under Title III if other statutory or policy restrictions or funding constraints on providing assistance to that country exist.

The U.S. Government will donate Title III agricultural commodities without charge to the recipient country and will arrange for and pay the costs of purchasing, processing, handling and transporting the commodities to the port or point of entry in the recipient country.

FOOD SECURITY WHEAT RESERVE

The Food Security Wheat Reserve was established under authority of the Food Security Wheat Reserve Act of 1980 (P.L. 96-494). The Act authorizes a reserve of up to 147 million bushels (four million metric tons) of wheat which can be made available for programming through P.L. 480 to provide emergency humanitarian food assistance to developing countries.

Wheat from the reserve can be released by the President under two conditions. First, up to four million metric tons of the reserve can be made available for P.L. 480 programming any time the U.S. domestic supply of wheat is so limited that quantities of wheat cannot be made available for P.L. 480 under the availability criteria set forth in Section 401(a) of the Agricultural Trade Development and Assistance of 1954. Second, up to 300,000 metric tons of wheat may be released from the reserve in any fiscal year for use under Public Law 480 to provide urgent humanitarian relief in any developing country suffering a major disaster, and when the normal means of obtaining commodities for food assistance make timely programming impossible. Reimbursement to the Corporation for wheat released from the reserve is to be made from funds made available to P.L. 480 at the lower of the actual costs incurred by the Corporation or the export market price of wheat, as determined by the Secretary, at the time of export. The FACT Act added a provision requiring replenishment of the reserve no later than 18 months after the release of stocks. Replenishment may be made either through purchases to the extent funds are appropriated in advance and provided that such purchases do not unduly disrupt the market, or by designating an equivalent quantity of CCC-owned wheat from uncommitted stocks.

DEBT REDUCTION - ENTERPRISE FOR THE AMERICAS (EAI)

Debt reduction is authorized for P.L. 480 Title I under the Enterprise for the Americas Initiative, Title VI of the Agricultural Trade Development and Assistance Act of 1954, as amended. Debt reduction for outstanding Title I direct credit as of January 1, 1990 is authorized for Latin American and Caribbean countries which meet certain eligibility requirements including pursuing economic reform programs with the International Monetary Fund and World Bank, placing into effect major investment reforms in conjunction with an InterAmerican Development Bank loan and, if applicable, arranging with its commercial bank lenders a debt service reduction. In fiscal year 1993, the U.S. government signed EAI agreements with El Salvador and Uruguay reducing P.L. 480 Title I debt outstanding by 80% and 40%, respectively.

PUBLIC LAW 480 FOOD FOR PROGRESS PROGRAM TO RUSSIA

As part of a comprehensive package of U.S. assistance for Russia announced by the President in April 1993, \$700,000,000 in commodity and related transportation assistance was proposed to be furnished under the Food for Progress (FFP) authority. To achieve this, \$385,000,000 was transferred from CCC to P.L. 480 Title I/Food for Progress under provisions of the Secretary of Agriculture's Interchange Authority (7 U.S.C. 2257). The amount transferred exceeds the seven percent of funds authorized based on the Secretary's determination of an extraordinary emergency situation.

Sales under the credit portion of the Food for Progress program for Russia carry a term of fifteen years, including a seven year grace period. The interest rates are three percent during the grace period and four percent thereafter. Funding for commodity and ocean freight financing for the Food for Progress credit program is under P.L. 480 Title I and is subject to credit reform budgeting.

JUSTIFICATION OF INCREASES AND DECREASES
P.L. 480 PROGRAM ACCOUNT (DIRECT CREDIT)

- (1) A decrease of \$110,446,000 in Title I direct credit (\$450,446,000 available in 1994)

Need for Change. This decrease is necessitated by constraints on funding for U.S. international programs and the need to accommodate increased expenditures for other priority international activities.

Nature of Change. This decreased program level will provide commodity shipments of 1.884 million metric tons grain equivalent (MMTGE) compared to 2.499 MMTGE estimated for FY 1994.

- (2) A decrease of \$71,285,000 in Title I subsidy (\$346,889,000 available in 1994)

Need for Change. This decrease is necessitated by constraints on funding for U.S. international programs and the need to accommodate increased expenditures for other priority international activities.

Nature of Change. Less subsidy is needed to achieve the program level requested.

- (3) An increase of \$42,000 in total administrative expenses (\$2,536,000 available in 1994)

Need for Change: Administrative expenses are transferred to OGSM and ASCS for administration of P.L. 480 Title I credit sales. These increases are based on projected pay and inflation increases, partially offset by administrative cost reductions.

Nature of Change: The increase in estimated administrative expenses transferred to OGSM is \$24,000 and the increase in estimated administrative expenses transferred to ASCS is \$18,000.

JUSTIFICATION OF INCREASES AND DECREASES
P.L. 480 GRANT ACCOUNT

(4) A net decrease of \$180,322,000 for P.L. 480 grants (\$1,147,580,000 available in 1994) consisting of:

(a) A decrease of \$11,669,000 in Title I ocean freight differential costs \$45,927,000 available in 1994)

Need for Change. This decrease is due to lower anticipated commodity shipments based on the proposed level of P.L. 480 Title I programming for 1995.

Nature of Change. The estimated costs for CCC's portion of ocean freight differential payments are reduced by \$11,669,000 based on reduced commodity shipments.

(b) A decrease of \$48,570,000 in Title II program costs (\$821,570,000 available in 1994)

Need of Change. This decrease is necessitated by constraints on funding for U.S. international programs and the need to accommodate increased expenditures for other priority international activities.

Nature of Change. This requested program level will provide commodity shipments of 2.118 million metric tons grain equivalent (MMTGE) compared to 2.122 MMTGE in FY 1994.

(c) A decrease of \$120,083,000 in Title III program costs (\$280,083,000 available in 1994)

Need for Change: This decrease is necessitated by constraints on funding for U.S. international programs and the need to accommodate increased expenditures for other priority international activities.

Nature of Change: This decreased program level will provide commodity shipments of 0.677 million metric tons grain equivalent (MMTGE) compared to 1.178 MMTGE in FY 1994.

An illustrative commodity mix of the program at the requested level is as follows:

TITLE I	FY 1993 Actual a/		FY 1994 Est.		FY 1995 Est.	
	(\$Mill)	(000 MTGE)	(\$Mill)	(000 MTGE)	(\$Mill)	(000 MTGE)
Wheat/Wheat Flour	131.0	897	253.9	1,883	188.2	1,384
Rice	21.7	85	46.1	103	34.1	85
Feed Grains	97.4	916	41.1	354	30.4	292
Vegetable Oil	18.9	36	37.3	61	27.7	44
Oilseeds and Meal	41.5	208	31.1	74	23.1	61
Tallow	11.2	31	7.5	20	5.5	15
Cotton	10.0	7	6.2	4	4.6	3
Total Commodities	331.7	2,180	423.2	2,499	313.6	1,884
Ocean Freight Differential	55.3		45.9		34.3	
Ocean Freight Financing	---		15.0		15.0	
Ocean Freight Grants	---		12.3		11.4	
Title I Program Level	387.0		496.4		374.3	

TITLE II	FY 1993 Actual a/		FY 1994 Est.		FY 1995 Est.	
	(\$Mill)	(000 MT)	(\$Mill)	(000 MT)	(\$Mill)	(000 MT)
Wheat & products	116.7	692	173.2	1,042	164.2	981
Feed Grains and products	38.6	278	30.7	223	29.1	238
Rice	47.8	196	66.1	147	62.6	157
Vegetable Oil	83.0	128	125.0	146	118.5	136
Pulses	46.8	96	51.9	91	49.2	118
Non-fat Dried Milk	0.1	2	---	---	---	---
Blended Foods	93.3	291	86.4	271	82.0	283
Total Commodities	426.3	1,683	533.3	1,920	505.6	1,913
PVO admin cost	10.0		13.5		13.5	
Farmer-to-Farmer Program	11.7		11.7		1.5	
Ocean Transportation	311.8		263.1		252.4	
Total Program Level	759.8		821.6		773.0	
Thousand Metric Tons Gr Eq.		1,862		2,122		2,118

TITLE III	FY 1993 Actual a/		FY 1994 Est.		FY 1995 Est.	
	(\$Mill)	(000 MT)	(\$Mill)	(000 MT)	(\$Mill)	(000 MT)
Wheat/wheat flour	115.6	842	123.1	913	70.5	519
Rice	17.2	62	20.0	71	11.4	39
Feed Grains	13.7	140	15.8	136	9.0	87
Vegetable Oil	0.7		18.3	30	10.4	17
Tallow	5.6	16	5.8	16	3.3	9
Beans	0.8	2	---	---	---	---
Upland cotton	33.0	21	18.3	12	10.4	6
Other	4.3	---	---	---	---	---
Total Commodities	190.9	1,083	201.3	1,178	115.0	677
Ocean Freight Cost	115.3		78.2		44.4	
Farmer-to-Farmer Program	0.7		0.6		0.6	
Total Program Level	306.9		280.1		160.0	
Thousand Metric Tons Gr Eq.		1,083		1,178		677

a/ FY 1993 data is based on CCC expenditures rather than agreements signed and commodity programming.

DEBT RESTRUCTURING
Available Funds
1993 Actual and Estimated 1994 and 1995

Item	1993 Actual	1994 Estimated	1995 Estimated
Debt restructuring under the Enterprise for the Americas Initiative (EAI):			
Value of Loans Forgiven a/	67,698,968	---	---
Subsidy	36,807,108	---	---

a/ Reflects combined expected principal loan value transferred to the PL 480 liquidating account as a result of EAI debt restructuring. Under EAI debt restructuring, the P.L. 480 liquidating account must be reimbursed for the principal loan value determined on a net present value basis.

PROJECT STATEMENT
(on basis of appropriation and available funds)

Project	1993 Actual	1994 Estimated	Change	1995 Estimated
Debt restructuring under the Enterprise for the Americas Initiative (EAI):				
Value of Loans Forgiven	\$67,698,968	---	---	---
Subsidy	36,807,108	---	---	---

FOOD FOR PROGRESS TO RUSSIA (FFP)Available Funds1993 Actual and Estimated 1994 and 1995

Project	FY 1993 Actual	FY 1994 Estimated	FY 1995 Estimated
---------	-------------------	----------------------	----------------------

Food for Progress Program to Russia:

Subsidy Estimate a/	\$377,689,500	--	--
Unobligated Balance	7,310,500	--	--
Program Level	599,400,000	--	--

PROJECT STATEMENT
(on basis of available funds)

Project	FY 1993 Actual	FY 1994 Estimated	Change	FY 1995 Estimated
---------	-------------------	----------------------	--------	----------------------

Food for Progress Program to Russia:

Subsidy Estimate a/	\$377,689,500	--	--	--
Unobligated Balance	7,310,500	--	--	--
Program Level	599,400,000	--	--	--

a/ Subsidy for FFP commodities and related transportation costs made available through credit sales.

OUTLAYS

Project	FY 1993 Actual	FY 1994 Estimated	FY 1995 Estimated
---------	-------------------	----------------------	----------------------

Food for Progress Program to Russia:

Subsidy Outlays	--	\$377,689,500	--
-----------------	----	---------------	----

FOREIGN AGRICULTURAL SERVICE

Purpose Statement

The Foreign Agricultural Service was established on March 10, 1953, by Secretary's Memorandum No. 1320, Supplement 1. Public Law 83-690, approved August 28, 1954, transferred the agricultural attaches from the Department of State to the Foreign Agricultural Service. Secretary's Memorandum No. 1020-39 dated September 30, 1993, transferred the functions of the former Office of International Cooperation and Development to the Foreign Agricultural Service.

The agency performs the following kinds of service functions:

It maintains a worldwide agricultural market intelligence and commodity reporting service to provide U.S. farmers and traders with information on world agricultural production and trade that they can use to adjust to changes in world demand for U.S. agricultural products. This is done through a continuous program of reporting by 75 posts located throughout the world covering some 133 countries. Reporting includes information and/or data on foreign government policies, analysis of supply and demand conditions, commercial trade relationships and market opportunities. Advanced computer and telecommunications technology is used to improve and speed the flow of information between the posts and Washington.

The Foreign Agricultural Service analyzes agricultural information essential to the assessment of foreign supply and demand conditions in order to provide estimates of the current situation and to forecast the export potential for specific U.S. agricultural commodities. Published economic data about commodities are combined with attache reports and are a result of thorough analysis using complex econometric techniques to generate these estimates.

In addition, the Service uses advanced techniques for identifying, delineating and assessing the impact of events which may affect the condition and expected production of foreign crops of economic importance to the United States. The crop condition activity relies heavily on computer aided analysis of satellite, meteorological, agricultural and related data.

The Service develops foreign markets for U.S. farm products through effective market expansion activities. It provides services to the U.S. and foreign agricultural trade sectors that are necessary to establish, build and maintain overseas markets for U.S. agricultural products. The Agricultural Trade Act of 1978 includes authority to establish up to 25 Agricultural Trade Offices. Currently 15 such offices are in operation at key foreign trading centers to assist U.S. exporters, trade groups and state export marketing officials in trade promotion.

The Service initiates, directs and coordinates the Department's formulation of trade policies and programs with the goal of maintaining and expanding world markets for U.S. agricultural products. It monitors international compliance with bilateral and multilateral trade agreements. It identifies restrictive tariff and trade practices which act as barriers to the import of U.S. agricultural commodities, then supports negotiations to remove them. It acts to counter and eliminate unfair trade practices of other countries that hinder U.S. agricultural exports to third markets.

The service helps the Department, other Federal agencies, and associated institutions, industries, and international organizations by strengthening food and agricultural systems in developing countries and at the same time, strengthen U.S. agriculture's international competitiveness and leadership through collaborative programs. Direct program activities include the administration of the Cochran Fellowship Program and management of USDA's bilateral exchange and cooperative research programs with foreign governments and institutions. At the request of the Agency for International Development, international organizations and foreign governments, technical assistance and training in agriculture and rural development is provided on a reimbursable or advance of funds basis.

Headquarters of the Service is in Washington, D.C. Work of the Service is also carried out in 75 posts around the world. As of September 30, 1993, there were 978 permanent full-time employees, 715 in headquarters and 263 in field locations abroad.

**FOREIGN AGRICULTURAL SERVICE
OFFICE OF THE GENERAL SALES MANAGER**

Available Funds and Staff—Years

1993 Actual and Estimated 1994 and 1995

Item	1993 Actual		1994 Estimated		1995 Estimated	
	Amount	Staff— Years	Amount	Staff— Years	Amount	Staff— Years
Foreign Agricultural Service	\$125,384,000	821	\$126,134,000	815	\$117,606,000	810
<u>Obligations under other USDA appro- priations:</u>						
Agricultural Marketing Service for Cotton Research and Soybean Board	36,000	--	36,000	--	36,000	--
Commodity Credit Corporation for: Landsat Data and support of export progs.	2,050,000	2	2,200,000	2	2,200,000	2
MPP Evaluations	1,000,000	--	500,000	--	500,000	--
Emerging Democracies program	9,777,516	--	10,000,000	--	10,000,000	--
Economic Research Service for Foreign Publication Procurement Program	4,000	--	4,000	--	4,000	--
Departmental Administration for: Advisory Committees	155,110	--	111,000	--	111,000	--
Travel/Salary Reimbursmts.	118,936	--	--	--	--	--
Agricultural Stabilization and Conservation Service for: Computer facilities support	--	--	418,000	--	--	--
Financial data	12,400	--	12,000	--	12,000	--
Agricultural Plant Health Inspection Service for Computer equipment	17,087	--	--	--	--	--
ERS, ES, and AMS for technical assistance and training in Eastern Europe and the former Soviet Union	2,000,000	4	2,000,000	4	2,000,000	4
SCS for Scientific & Technical Exchanges	100,000	--	100,000	--	100,000	--
ARS for Administration of International Research	900,000	--	900,000	--	900,000	--
Total, Other USDA Appropriations	16,171,049	6	16,281,000	6	15,863,000	6
Total, Agriculture Appropriations	141,555,049	827	142,415,000	821	133,469,000	816
<u>Other Federal Funds:</u>						
U.S.A.I.D. and others for development assistance	30,563,000	127	32,000,000	127	32,000,000	126

Item	1993 Actual		1994 Estimated		1995 Estimated	
	Amount	Staff- Years	Amount	Staff- Years	Amount	Staff- Years
Non-Federal Funds:						
Contributions for USDA development assistance, from Spain, Saudi Arabia, inter- national organizations and universities	3,500,000	10	3,500,000	10	3,500,000	10
Information Circulars	245,000	--	255,000	--	255,000	--
User Fees for:						
Attache Reports	95,000	--	90,000	--	90,000	--
AIMS Trade Leads	60,000	--	50,000	--	50,000	--
Computer Time and Files	3,900	--	3,000	--	3,000	--
Export Sales Report	1,500	--	9,000	--	9,000	--
Total, Non-Federal Funds	3,905,400	10	3,907,000	10	3,907,000	10
Total, Foreign Agricultural Service	176,023,449	964	178,322,000	958	169,376,000	952
General Sales Manager						
Transfer from CCC	4,668,000	46	4,866,000	46	--	--
Direct Appropriation	--	--	--	--	4,820,000	45
Credit Reform Funds from Other Accounts:						
CCC Export Loans Program Account	2,731,000	51	2,792,000	51	2,837,000	51
P.L. 480 Program Account	1,467,000	48	1,500,000	48	1,524,000	48
Total, General Sales Manager	8,866,000	145	9,158,000	145	9,181,000	144

**FOREIGN AGRICULTURAL SERVICE
OFFICE OF THE GENERAL SALES MANAGER**

Permanent Positions by Grade and Staff – Year Summary

1993 and Estimated 1994 and 1995

Grade	1993			1994			1995		
	Head- Quarters	Field	Total	Head- Quarter	Field	Total	Head- Quarters	Field	Total
ES-6	1	--	1	1	--	1	1	--	1
ES-5	1	--	1	1	--	1	1	--	1
ES-3	8	--	8	8	--	8	8	--	8
ES-2	2	--	2	2	--	2	2	--	2
ES-1	2	--	2	2	--	2	2	--	2
GS/GM-15	35	--	35	35	--	35	35	--	35
GS/GM-14	79	--	79	77	--	77	73	--	73
GS/GM-13	132	--	132	130	--	130	123	--	123
GS/GM-12	119	--	119	117	--	117	112	--	112
GS/GM-11	54	--	54	52	--	52	51	--	51
GS/GM-10	3	--	3	3	--	3	3	--	3
GS/GM-9	41	--	41	40	--	40	40	--	40
GS/GM-8	12	--	12	12	--	12	12	--	12
GS/GM-7	84	--	84	84	--	84	84	--	84
GS/GM-6	53	--	53	53	--	53	53	--	53
GS/GM-5	18	--	18	18	--	18	18	--	18
GS/GM-4	8	--	8	8	--	8	8	--	8
GS/GM-3	2	--	2	2	--	2	2	--	2
GS/GM-2	0	--	0	0	--	0	0	--	0
Other Graded Positions	100	114	214	100	114	214	100	114	214
Ungraded Positions	2	148	150	2	148	150	2	148	150
Total Per- manent Positions	756	262	1018	747	262	1009	730	262	992
Unfilled Positions end-of-year	-38	--	-38	--	--	--	--	--	--
Total, Permanent Employment, end-of-year	718	262	980	747	262	1009	730	262	992
Staff-Years Ceiling	835	274	1109	829	274	1103	822	274	1096

**FOREIGN AGRICULTURAL SERVICE
OFFICE OF THE GENERAL SALES MANAGER**

CLASSIFICATION BY OBJECTS

1993 and Estimated 1994 and 1995

Personnel Compensation:	1993	1994	1995
Headquarters	\$39,895,215	\$42,314,000	\$42,241,000
Field	20,419,881	20,984,000	22,201,000
11 Total personnel compensation	48,358,599	50,792,000	51,712,000
12 Personnel benefits	11,465,116	11,999,000	12,223,000
13 Benefits for former personnel	491,381	507,000	507,000
Total pers. comp. & benefits	60,315,096	63,298,000	64,442,000
Other Objects:			
21 Travel	3,752,683	4,128,000	4,063,000
22 Transportation of things	1,157,627	1,321,000	1,356,000
23.2 Rental payments to others	7,802,014	7,218,000	6,936,000
23.3 Communications, utilities and misc. charges	3,530,002	3,529,000	3,629,000
24 Printing and reprod.	1,022,981	1,088,000	1,115,000
25 Other services	52,996,665	52,378,000	42,808,000
26 Supplies and materials	1,394,925	1,224,000	1,282,000
31 Equipment	819,488	415,000	442,000
42 Insurance claims and indemnities	832,629	693,000	714,000
Total other objects	73,309,014	71,994,000	62,345,000
Total direct obligations	133,624,110	135,292,000	126,787,000

Position Data:			
Average Salary, ES positions	106,171	109,887	113,733
Average Salary, FO positions	65,520	67,813	70,187
Average Salary, GM/GS positions	43,676	45,205	46,787
Average Grade, GM/GS positions	12.0	12.0	12.0

FOREIGN AGRICULTURAL SERVICE
OFFICE OF THE GENERAL SALES MANAGER

The estimates include appropriation language for these items as follows (new language underscored; deleted matter enclosed in brackets):

Foreign Agricultural Service:

- For necessary expenses of the Foreign Agricultural Service, including carrying out title VI of the Agricultural Act of 1954, as amended (7 U.S.C. 1761-1768), market development activities abroad, and for enabling the Secretary to coordinate and integrate activities of the Department in connection with foreign agricultural work, including not to exceed \$128,000 for representation allowances and for expenses pursuant to section 8 of the Act approved August 3, 1956 (7 U.S.C. 1766), [~~\$118,027,000~~] \$117,606,000: Provided, That this appropriation shall be available to obtain statistics and related facts on foreign production and full and complete information on methods used by other countries to move farm commodities in world trade on a competitive basis: Provided further, That in addition,
- 1 funds available to the Department [of Agriculture] shall be available to assist an international organization in meeting the costs, including salaries, fringe benefits and other associated costs, related to the employment by the organization of Federal personnel that may transfer to the organization under the provisions of 5 U.S.C. 3581-3584, or of other well-qualified United States citizens, for the performance of activities that contribute to increased understanding of international agricultural issues, with transfer of funds for this purpose from one appropriation to another or to a single account authorized, such funds
 - 2 remaining available until expended: Provided further, That the [Office] Service may utilize advances of funds, or reimburse this appropriation for expenditures made on behalf of Federal agencies, public and private organizations and institutions under agreements executed pursuant to the agricultural food production assistance programs (7 U.S.C. 1736) and the foreign assistance programs of the International Development Cooperation
 - 3 Administration (22 U.S.C. 2392): Provided further, That beginning in fiscal year 1995, administrative expenses and equipment purchases previously funded by the Commodity Credit Corporation shall be funded from amounts under this head.

None of the funds in the foregoing paragraph shall be available to promote the sale or export of tobacco or tobacco products.

The first change deletes unnecessary words contained in the appropriations act.

The second change reflects the merger of the Office of International Cooperation Development with the Foreign Agricultural Service.

The third change restricts the use of CCC funds for administrative equipment and other ADP costs.

General Sales Manager (Including transfers of funds):

For necessary expenses of the Office of the General Sales Manager, [~~\$9,158,000~~] \$9,181,000, of which [~~\$4,866,000~~] \$4,866,000 may be transferred from Commodity Credit Corporation funds, [~~\$2,792,000~~] \$2,837,000 may be transferred from the Commodity Credit Corporation Program Account in this Act, and [~~\$1,500,000~~] \$1,524,000 may be transferred from the Public Law 480 Program Account in this Act. The General Sales Manager shall obtain, assimilate, and analyze all available information on developments related to private sales, as well as those funded by the Corporation, including grade and quality as sold and as delivered, including information relating to the effectiveness of greater reliance by the General Sales Manager upon loan guarantees as contrasted to direct loans for financing commercial export sales of agricultural commodities out of private stocks on credit terms, as provided in titles I and II of the Agricultural Trade Act of 1978, Public Law 95-501, and shall submit quarterly reports to the appropriate committees of Congress concerning such developments.

None of the funds in the foregoing paragraph shall be available to promote the sale or export of tobacco or tobacco products.

FOREIGN AGRICULTURAL SERVICE

Appropriations Act, 1994	\$118,027,000
Budget Estimate, 1995	117,606,000
Decrease In Appropriations	<u>(421,000)</u>

Adjustments in 1994:

Appropriations Act, 1994	\$118,027,000	
Transfer from Commodity Credit Corporation a/	<u>8,107,000</u>	
Adjusted base for 1994		126,134,000
Budget Estimate, 1995		117,606,000
Decrease over adjusted 1994		<u>(8,528,000)</u>

a/ Reflects direct appropriation of \$8,107,000 for administrative equipment and other ADP costs previously funded from CCC.

SUMMARY OF INCREASES AND DECREASES

(On basis of adjusted appropriation)

<u>Item of Change</u>	<u>1994 Estimated</u>	<u>Pay Cost</u>	<u>Other Changes</u>	<u>1995 Estimated</u>
Foreign Agricultural Affairs	\$36,867,000	\$121,000	\$1,102,000	\$38,090,000
Foreign Market Information and Access	26,884,000	399,000	58,000	27,341,000
Foreign Market Development	55,421,000	93,000	(10,134,000)	45,380,000
International Cooperation and Development	<u>6,962,000</u>	<u>31,000</u>	<u>(198,000)</u>	<u>6,795,000</u>
Total Available	<u>126,134,000</u>	<u>644,000</u>	<u>(9,172,000)</u>	<u>117,606,000</u>

PROJECT STATEMENT

(On basis of adjusted appropriation)
(Dollars in Thousands)

	<u>1993 Actual</u>		<u>1994 Estimated</u>		<u>Increase or Decrease</u>	<u>1995 Estimated</u>	
	<u>Amount</u>	<u>Staff- Years</u>	<u>Amount</u>	<u>Staff- Years</u>		<u>Amount</u>	<u>Staff- Years</u>
1. Foreign Agricultural Affairs	\$36,571,762	299	\$36,867,000	298	\$1,223,000 (1)	\$38,090,000	298
2. Foreign Market Information and Access	26,344,968	261	26,884,000	255	457,000 (2)	27,341,000	254
3. Foreign Market Development	55,022,380	195	55,421,000	194	(10,041,000) (3)	45,380,000	194
4. International Cooperation and Development b/ Unobligated Balance	6,819,000 625,890	66 --	6,962,000 --	68 --	(167,000) (4) --	6,795,000 --	64 --
Total available or estimate	125,384,000	821	126,134,000	815	(8,528,000)	117,606,000	810
Transfer from Commodity Credit Corporation	(8,114,000)	--	(8,107,000)	--			
Total, Appropriation	117,270,000	821	118,027,000	815			

b/ In FY 1993, funding was provided to the Office of International Cooperation and Development.

EXPLANATION OF PROGRAM

The Foreign Agricultural Service appropriation funds the activities authorized by the Agricultural Act of 1954 (P.L. 690), as amended. The activities carried out are as follows:

FOREIGN AGRICULTURAL AFFAIRS - This program area conducts activities contributing to five major objectives. The objectives and their respective workload and achievement indices are as follows:

1. Collecting, interpreting and analyzing marketing, economic and trade information from foreign areas essential to the administration of U.S. foreign agricultural policies and programs; this information is disseminated to farmers for use in planning and marketing decisions. Counselors and attaches submit approximately 5,500 reports annually on production, marketing, economic and trade information.
2. Providing guidance and field supervision to cooperators implementing market development and related projects overseas. Annually, counselors and attaches provide over 3,000 trade leads and write tens of thousands of letters and faxes responding to inquiries regarding U.S. and host country agriculture.
3. Representing global U.S. agricultural trade policy interests, with particular emphasis on obtaining improved access for U.S. farm exports. Over 1,000 special trade access communications are sent each year containing direct support for the U.S. export trade.
4. Contributing mission support including guidance and assistance to agricultural development programs in less-developed friendly countries. As members of Embassy country teams, counselors and attaches provide technical guidance on U.S. agricultural developments.
5. Providing representation at international meetings, assistance to U.S. delegates attending international agricultural fora, and service to other USDA agency programs.

FOREIGN MARKET INFORMATION AND ACCESS - This activity consists of two program areas--commodity programs and international trade policy. These functions, their related objectives, and their respective workload and achievement indices are discussed below.

The program areas prepare and disseminate approximately 130 commodity circulars covering over 100 commodities, 12 World Agricultural Production reports, four issues of the Outlook for U.S. Agricultural Exports published jointly with the Economic Research Service, the monthly Agricultural Trade Highlights and make a major contribution to the USDA's 12 World Agricultural Supply and Demand Estimates reports. In addition to published documents, numerous current information reports and ad hoc analyses are prepared for internal use by the Administrator and other policy officials of the Department. These reports include the Desk Top Guide to U.S. Agricultural Trade, the country financial risk analysis for potential countries eligible for GSM credit programs, and daily/weekly commodity Price and Key Developments reports and the weekly Export Enhancement Program update report.

1. Commodity Programs - This program area conducts activities contributing to six major objectives. The objectives addressed and, where feasible, their respective workload and achievement indices are as follows:
 - a. Providing American farmers, traders, agribusiness leaders, and policy makers with timely estimates and forecasts of world agricultural production. These areas also provide primary input to commodity program operations and prepare the monthly World Agricultural Production report. These ongoing programs involve preparation of monthly estimates of major field crops, biannual estimates of horticultural and tropical crops and annual estimates of forest products and livestock production.
 - b. Providing analysts and counselors/attaches with current information on the existence, extent, and probable impact of weather-related events on foreign crop conditions.
 - c. Providing American farmers, traders, and agribusiness leaders with timely and accurate information on world supply and demand of U.S. agricultural products. Data analyses of factors such as trade potential, prices, supply, consumption, and overall demand are conducted by commodity specialists. The impact these factors have upon U.S. agricultural exports and market development activities are a particular focus of the

commodity programs area. These analyses are distributed on a timely basis to the U.S. agricultural community through FAS circular publications, participation in trade and business conferences and meetings, and U.S. trade organizations.

- d. Providing U.S. Government policymakers adequate information with which to make decisions regarding U.S. and international agricultural interests. Advanced economic analyses are conducted to examine the data and produce short-term commodity forecasts, commodity status summaries and market potential assessments on a country and area basis. These data are utilized as key inputs in the decisionmaking process regarding domestic farm policies, foreign trade negotiations and agreements, and market development programs.
- e. Fulfilling U.S. legislative requirements:
 - (1) Day-to-day administration of the Meat Import Act (P.L. 96-177) in cooperation with the U.S. Customs Service and such other special actions as are necessary.
 - (2) Administration of quota cheese pricing limitations prescribed in Section 702 of the Trade Agreements Act of 1979 (P.L. 96-39).
 - (3) Analysis and evaluation of the role of sugar in world trade patterns.
 - (4) Countering unfair trade practices and commodity analysis for the Market Promotion Program mandated in Section 203 of the Agricultural Trade Act of 1978, as amended.
 - (5) Countering unfair trade practices and commodity analysis for the Export Enhancement Program, the Dairy Export Incentive Program, the Sunflowerseed Oil Assistance Program, and the Cottonseed Oil Assistance Program.
- f. Providing support and services to an export expansion effort conducted in cooperation with commodity associations, State Departments of Agriculture and private exporters to the benefit of the U.S. agricultural sector. Special studies are made on a country, region, and world basis for assigned commodities to identify market opportunities, to determine the likely impact of competition from other countries, and to plan strategic promotional activities to enhance U.S. agricultural exports.

The information contained in these analyses is collected via a comprehensive agricultural attache reporting system, analyzed in a timely manner, and promptly reported to domestic producers, exporters, policymakers, the public and other interested users. Particular emphasis is placed on disseminating current information on foreign market situations and forecasting trends in foreign agricultural supply and demand.

Special studies are made on a country, area, foreign and world basis for assigned commodities to identify market opportunities, and determine the likely impact of competition from other commodities and countries on U.S. exports. Also, economic analyses are made covering weekly reports submitted by exporters showing their shipments to date and outstanding sales.

- 2. International Trade Policy - This program area conducts activities contributing to the following major objectives:
 - a. Supporting bilateral and multilateral representations and negotiations focused on reducing trade barriers to U.S. agricultural exports and preserving concessions obtained in trade negotiations.
 - b. Providing support to the United States Trade Representative (USTR) in conducting and implementing results of trade negotiations and in managing domestic complaint mechanisms.
 - c. Initiating and supporting work activities on trade and commodity issues that arise in international fora such as GATT, OECD, UNCTAD and FAO so as to facilitate U.S. agricultural exports.

- d. Administering U.S. agricultural import policies under Section 22 and other domestic legislation in ways which will be consistent with the purposes and requirements of the statutes.
- e. Supporting the development of new U.S. legislation to facilitate U.S. exports or defend U.S. producers against unfair trade practices and harmful competition.
- f. Maintaining a Food Safety and Technical Office to help protect U.S. rights under the Standards Code, providing information on Code benefits, and helping citizens to comment on foreign proposals for new standards-related laws.
- g. Assisting agricultural exporters who need foreign market information as well as those who believe they have been injured by unfair trade practices, and coordinating reports on foreign agricultural export assistance and market opportunities for U.S. agricultural exporters through the Trade Assistance and Promotion Office.
- h. Improving the quality and timeliness of agricultural counselor/attache reporting and exchanging of information between Washington-based analysts and overseas counselors/attaches; and substantially increasing the timeliness of information to the U.S. trade using the Global Economic Data Exchange System.
- i. Providing American farmers, traders, agribusiness leaders, and policy makers with information on U.S. and foreign trade, economic indicators, and tariff and other restrictions affecting trade.
- j. Monitoring and reporting on exports of selected U.S. agricultural commodities.

FOREIGN MARKET DEVELOPMENT - Provides funding so that industry groups working in concert with FAS, or FAS working alone, may conduct market development activities. The major objectives and applicable achievements are as follows:

1. Enabling producers and other sectors of the U.S. economy to jointly and systematically develop and expand overseas markets. In 1954, the Foreign Agricultural Service (FAS) was authorized to begin using foreign currencies generated by the Public Law 480 program to finance overseas market promotion activities for U.S. farm commodities. Since that time, FAS has spent about \$621 million to finance the foreign market development program, which has contributed to the increase in U.S. farm exports from \$3.1 billion in fiscal year 1955 to \$42.5 billion in fiscal year 1993. The program is jointly sponsored with nonprofit private trade and producer associations in this country (U.S. cooperators) which have generated approximately \$1.31 billion in contributions to more than match the \$621 million contributed by FAS.

Under the auspices of FAS' long-term Foreign Market Development Cooperator Program, FAS is currently participating with 41 cooperators, four state regional organizations and the National Association of State Departments of Agriculture in sponsoring continuous and long-term projects. FAS also assists supporting 56 permanently staffed cooperator offices overseas which conduct promotion activities in more than 130 foreign markets.

Complementing the long-term Foreign Market Development Program is the Market Promotion Program (MPP) mandated by Section 203 of the Agricultural Trade Act of 1978, as amended. The MPP provides promotional assistance for U.S. agricultural products including those U.S. agricultural products whose exports have been hurt by unfair foreign trade practices. The number of participating trade organizations totals 66, of which 13 are new participants in market development programs overseas. An additional 200 U.S. private firms are also expected to participate in the 1994 MPP program through four regional state organizations as part of a high value export program that promotes processed, brand identified products. During the three years of the MPP, \$648 million has been allocated to partially reimburse the costs of conducting over 5,000 activities worldwide.

2. Conducting trade fairs and food exhibits to enhance the image of U.S. food products overseas by using product displays, point-of-purchase activities to draw consumer attention to quality U.S. food products, sales teams, and providing other assistance designed to link potential buyers with U.S. exporters.

3. FAS has established Agricultural Trade Offices in the major markets of South America, Europe, Africa, Asia and the Middle East to help U.S. exporters compete by supplying up-to-the-minute information on potential customers and promotional opportunities. U.S. exporters or representatives of trade associations, export cooperatives or state departments of agriculture use these trade offices as home bases while overseas. There are currently fifteen Agricultural Trade Offices located in London, England; Hamburg, Germany; Hong Kong; Singapore; Seoul, Korea; Manama, Bahrain; Mexico City, Mexico; Caracas, Venezuela; Beijing and Guangzhou, the People's Republic of China; Tunis, Tunisia; Jeddah, Saudi Arabia; Algiers, Algeria; and Osaka and Tokyo, Japan

INTERNATIONAL COOPERATION AND DEVELOPMENT - Provides funds to be used to develop, implement, and evaluate USDA's policies and programs for agricultural cooperation and development throughout the world.

1. **Scientific Exchanges.** USDA maintains scientific and technical exchange programs with foreign governments and research institutions, as authorized by Section 1436 of the Agriculture and Food Act of 1981. These activities include the exchange of agricultural data and the collection of exotic germplasm and biological materials which have the potential to improve U.S. crops, forestry, and livestock. These exchanges also strengthen the role of science and technology in the efforts to stabilize world food supplies and to use world resources more efficiently. Costs are shared with participating entities.
2. **International Research.** This activity involves managing the Department's international research activities in cooperation with various USDA agencies, U.S. agricultural institutions, and foreign research institutions. These collaborative research efforts yield information valuable for the protection of U.S. agriculture from foreign pests and diseases, for increasing domestic productivity, and for reducing the threat of hunger and malnutrition overseas.

Research is undertaken through a variety of binational agreements and funding mechanisms, including the United States' treaty with Spain and the U.S.-Israel Binational Agriculture Research and Development Fund. Under Section 1436 of the Agriculture and Food Act of 1981, this activity fosters the participation of U.S. land-grant colleges in research abroad.

3. **International Organizations.** This activity involves coordinating USDA's and the U.S. Government's participation in approximately 30 international organizations concerned with food, agriculture, and rural development. Through this activity, USDA is represented in the organizations' planning, U.S. interests are advanced, U.S. agriculture is protected, and U.S. delegations to international agricultural conferences are organized.
4. **Targeted Development.** The major purpose of these programs is to help increase global consumption of nutritious food, thereby serving both a humanitarian role in target countries and a long-term market expansion role. Agribusiness seminars and trade and investment missions are conducted and the private sector is encouraged to participate in economic development. The Agricultural Information Center serves as a central point of contact for inquiries from the private sector and developing countries on trade and investment opportunities in the Caribbean region.
5. **Cochran Fellowship Program.** This program involves the training of mid-and upper-level managers from countries which no longer qualify for U.S. foreign economic assistance programs, and those for which the potential exists to expand U.S. exports of high value products. The program is also authorized to provide training to participants from the emerging democracies, and the Newly Independent States of the former Soviet Union. The program aims to establish and maintain contacts with officials in these countries and to nurture opportunities for trade with the United States.

REVIEWS IN PROGRESS DURING FY 1994

GAO Reviews

Code 483568	Review of Agricultural Trade Office Activities	Review of program administration
----------------	---	----------------------------------

Code 472290	Review of U.S. Participation in the United Nations Food and Agriculture Organization (FAO)	Review of program administration
Code 280018	Review of Generalized System of Preferences Program	Review of program effectiveness
Code 150806	USDA Administrative Activities	Review of agency management
Code 150908	Review of USDA's Agencies with Marketing Responsibilities	Review of program administration
Code 711019	Overseas Staffing at U.S. Diplomatic Posts	Review of agency management
Code 150325	Aquaculture Issues	Review of program administration
Code 280079	Export Promotion of High Value Agriculture Products	Review of program administration
Code 150049	Review of USDA's Cotton Program	Review of program administration
Code 280071	Review of the Implementation of 1992 U.S.-China Memoranda of Understanding on Market Access and Intellectual Property Rights	Review of program administration
Code 280049	Review of FAS Resource Utilization	Review of agency management
Code 511375	Survey of USDA Telecommunications	Review of agency management

OIG Audits

07099-27-Hy	Implementation of Audit Recommen- dations Related to Market Development	Review of program management
07020-5-Hy	Survey of Market Promotion Program	Survey of program administration
50600-8-At	World Market Prices for Cotton and Rice	Review of trade opportunities
50099-35-At	Audit of Departmental Compliance with PL 101-121 (Byrd Amendment)	Review of agency management
50600-7-At	Federal Employees Compensation Act Program	Review of agency management
50099-38-At	Audit of Departmental Compliance with PL 101-121 (Byrd Amendment)	Review of agency management
50566-27-SF	A-128 Audit Report on the Hawaii State Department of Agriculture for the FY ended 6/30/92	Review of agency management

REVIEWS COMPLETED DURING FY 1993

GAO Reviews

Code 483581	Trade Shows	Review of program effectiveness
Code 483579	Effectiveness of TEA Program	Review of program administration
Code 483571	Advertising and Promotion U.S. Cigarettes in Selected Asian Countries	Review of program administration
Code 150033	Sugar Program	Review of agency management
Code 483586	Iraq's Participation in U.S. Agricultural Export Programs	Review of program administration
Code 150604	Safety of New Food Technology	Review of program management
Code 462605	Review of Staffing and Organization Issues at U.S. Embassies and Consulates in Japan and Korea	Review of agency administration
Code 483591	Study of the U.S.-Canada Free Trade Agreement	Review of trade opportunities
Code 973358	Review of OECD Member Nations Agricultural Standards, Regulations and Enforcement Measures	Review of foreign standards
Code 483631	Trade and Investment Reforms in Chile	Review of foreign standards
Code 150110	Evaluation of Government and Industry Efforts to Develop New Markets for Dairy Products	Review of program effectiveness
Code 280001	Review of Multilateral Trade Negotiations on Agriculture	Review of program administration
Code 472279	Use of Limited Career Extensions (LCE's) in the Foreign Service	Review of agency management
Code 280003	Overall Management of FAS	Review of agency management
Code 150902	Forest Product Competitiveness	Review of trade opportunities
Code 280022	North American Free Trade Agreement: Snapback Tariff and Its Implications	Review of trade opportunities
Code 150614	U.S. vs. Foreign Inspection Standards	Review of program administration
Code 280027	Review of MERCOSUR's Trade and Investment Reforms	Review of trade opportunities
Code 150040	Interim Review of 1995 Farm Bill	Forward planning

Code 280029	Potential for Increased Agricultural Exports to East Asian Countries	Review of trade opportunities
Code 966505	Quality Management - Survey of Federal Organizations	Survey of agency management
Code 966525	Survey of Personnel Involved in Public and Congressional Affairs	Survey of agency management
Code 280014	International Trade: Restrictions on U.S. Racehorses in Foreign Country Races	Review of foreign programs
Code 483639	Review of U.S. High Value Agricultural Products	Review of program management
Code 150413	Coordination of Federal Programs that Affect Rural Areas	Review of agency management
Code 280020	North American Free Trade Agreement (NAFTA)	Review of program administration

OIG Audits

07099-26-Hy	Compliance Review Program	Review of agency management
50099-38-FM	Compliance With Domestic Commodity Origin Requirements	Review of program administration
07099-28-Hy	Survey of Export Enhancement Program	Review of program effectiveness
50099-36-At	Compliance with Requirements of PL 100-690 - "Drug-Free Workplace Act of 1988"	Review of agency management
50568-552-SF	A-128, State of Alaska for the FY ended 6/30/91	Review of agency management

JUSTIFICATION OF INCREASES AND DECREASES

1. An increase of \$1,223,000 for Foreign Agricultural Affairs (\$36,867,000 available in Fiscal Year 1994) consisting of:

(a) An increase of \$1,466,000 for overseas wage and price increases.

Need for Change: This increase will support our existing Agricultural Counselor and Attache offices at current levels. On a worldwide basis, total costs excluding American personnel compensation are expected to increase in fiscal year 1995 by 7.8 percent, about the same level as projected for fiscal year 1994.

Foreign Service National personnel compensation rates are established by the State Department. Other costs reflect the estimates contained in individual post fiscal year 1994 financial plans prepared by FAS Counselors and Attaches around the world.

Nature of Change: Based on the fiscal year 1994 post financial plan estimates, fiscal year 1995 overseas operating budgets will be adjusted upward by \$1,466,000 in order to maintain current services.

(c) An increase of \$121,000 for Fiscal Year 1995 pay costs.

(d) An increase of \$76,000 for domestic inflation.

(e) A decrease of \$440,000 for administrative efficiency.

Need for Change: In support of the President's Executive Order to promote the efficient use of resources for administrative purposes, USDA is committed to reducing administrative costs.

Nature of Change: In order to achieve these savings, FAS will reduce discretionary expenses by \$440,000 in fiscal year 1995, through the Global Review of overseas offices. This annual review evaluates the FAS overseas office configuration in the context of changing international priorities and the need to reduce expenses. Through this process, savings in such areas as overseas office rents, Foreign Service National compensation and payments to the Department of State for administrative costs will be achieved by downsizing selected offices as needed.

2. An increase of \$457,000 for Foreign Market Information and Access (\$26,884,000 available in fiscal year 1994) consisting of:

- (a) An increase of \$318,000 for IRM costs for the Commodity Credit Corporation Computer Facility previously funded through CCC which will now to be funded through the annual FAS appropriation.
- (b) An increase of \$399,000 for fiscal year 1995 pay costs.
- (c) An increase of \$228,000 for domestic inflation.
- (d) A decrease of \$488,000 and 1 staff-year for administrative efficiency and to meet targets established for the reduction of Federal employment.

Need for Change: In support of the President's Executive Order to promote the efficient use of resources for administrative purposes, USDA is committed to reducing administrative costs.

Nature of Change: In order to achieve these savings, FAS will reduce discretionary expenses by, \$488,000 in fiscal year 1995, by the elimination of one staff-year and by reducing expenditures in such areas as travel, training, and equipment.

3. A decrease of \$10,041,000 for Foreign Market Development (\$55,421,000) available in fiscal year 1994) consisting of :

- (a) A decrease of \$10,000,000 in Foreign Market Development Cooperator Program funding.

Need for Change: In order to encourage the private sector to assume greater responsibility for developing overseas markets, the government's historical contribution level to this cost-sharing program will be reduced from 50 percent to 33 percent.

Nature of Change: Federal funds used to support administrative expenses for participants in established markets will be scaled down. Federal support will focus on participant expansion into less developed areas of the world where the greatest market development potential exists.

- (b) An increase of \$766,000 for overseas wage and price increases.

Need for Change: This increase will support our existing Agricultural Trade Offices at current levels. On a world-wide basis, total costs for these offices, excluding American personnel compensation, are expected to increase in fiscal year 1995 by 7.3 percent, about the same level as fiscal year 1994.

FSN personnel compensation rates are established by the State Department. Other costs reflect the estimates contained in individual post financial plans prepared by FAS Trade Officers around the world.

Nature of Change: Based on the fiscal year 1994 post financial plan estimates, fiscal year 1995 overseas operating budgets will be adjusted upward by \$766,000 in order to maintain current services.

- (c) An increase of \$93,000 for fiscal year 1995 pay costs.
- (d) An increase of \$144,000 for domestic inflation.
- (e) A decrease of \$1,044,000 for administrative efficiency.

Need for Change: In support of the President's Executive Order to promote the efficient use of resources for administrative purposes, USDA is committed to reducing administrative costs.

Nature of Change: In order to achieve these savings, FAS will reduce discretionary expenses by, \$1,044,000 in fiscal year 1995. This will include a reduction of \$348,000 for Agricultural Trade Offices and a reduction of \$696,000 in Market Development activities including a reduction of \$600,000 in the Cooperator Program and \$96,000 associated with in-country promotion efforts.

4. A net decrease of \$167,000 for International Cooperation and Development (\$6,962,000 available in fiscal year 1994) consisting of:

- (a) A decrease of \$200,000 and 4 staff years.

Need for Change. This change supports the President's Executive Order mandating a reduction of 100,000 Federal positions by fiscal year 1998.

Nature of Change. Four staff years related to the implementation and support of scientific exchanges and liaison with international organizations, and administrative support will be eliminated.

- (b) A decrease of \$96,000 for administrative efficiency.

Need for Change: In support of the President's Executive Order to promote the efficient use of resources for administrative purposes, USDA is committed to reducing administrative costs.

Nature of Change: In order to achieve these savings, FAS will reduce discretionary expenses by, \$96,000 in fiscal year, in areas such as travel, training and equipment.

- (c) An increase of \$31,000 for pay increases.
- (d) An increase of \$98,000 for inflation in travel and per diem costs (both domestic and international) for participants in research, exchange, and training programs, and for inflationary increases in research and participant training programs.

Foreign Agricultural Service
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1993 and Estimated 1994 and 1995

	1993		1994		1995	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
District of Columbia	\$51,636,288	701	\$52,907,000	695	\$52,526,000	689
Overseas	73,121,822	263	73,227,000	263	65,080,000	263
Total Available or Estimate	124,758,110	964	126,134,000	958	117,606,000	952

FOREIGN AGRICULTURAL SERVICE

STATUS OF PROGRAM

U.S. agricultural exports are estimated to have reached \$42.5 billion in fiscal year 1993, up a modest \$200 million from the previous year's level and creating close to a million jobs throughout the U.S. economy. Fiscal year 1993 was the second highest sales year on record, excluded only by 1981's figures of \$43.8 billion. Compared to 1992, sales of bulk and intermediate products each fell 3 percent in terms of value. On the other hand, value-added consumer food exports rose 8 percent or \$1.1 billion to set a record \$14.6 billion for this category. Overall, U.S. agricultural exports are expected to remain unchanged at \$42.5 billion in fiscal year 1994.

Current Activities: The Foreign Agricultural Service network of agricultural counselors, attaches, and trade officers serves as U.S. agriculture's frontline in international markets, covering over 133 countries and territories. Overseas officers defend U.S. agricultural interests against the adverse actions of foreign governments, protect and improve market access for U.S. products, help in market development efforts, and provide U.S. producers and exporters with a wealth of world agricultural trade and production information.

The 1993 Market Promotion Program (MPP) provided \$147 million to help U.S. producers and other organizations finance overseas promotional activities for a wide variety of U.S. agricultural products. Funds to develop new markets and increase U.S. agricultural exports were also provided to the U.S. private sector through the Foreign Market Development Program.

Agricultural export sales under the Export Enhancement Program (EEP) were valued at more than \$3.1 billion in fiscal year 1993. Over \$967 million was awarded in bonuses to exporters to help U.S. agricultural products compete in many major markets -- the third highest amount on record. Other programs similar to the EEP helped U.S. sales of sunflowerseed oil, cottonseed oil, and dairy products. All of these programs were modified to facilitate exports using compensatory forms of trade, which resulted in exports of over 2 million tons of agricultural commodities to the countries of the former Soviet Union.

CCC export credit guarantee programs helped to assure the availability of credit to finance commercial U.S. agricultural exports. In fiscal year 1993, these programs assisted nearly \$3.9 billion in export sales of food and farm products to 28 countries.

Close to 400 U.S. exporters of food and beverage products participated in USDA-sponsored trades shows and sales missions targeting consumer markets around the world. Among the events sponsored, the "Festival de alimentor y bebidas USA" in Mexico City was the largest, exclusively American food show ever staged outside the U.S. In fiscal year 1993, U.S. exporters promoted over 2,000 new-to-market products to more than 5,100 potential buyers at trade shows. Estimates are that these contacts will lead to \$70 million in new export business.

Food aid programmed during fiscal year 1993 totaled over 13 million tons with a commodity value of \$2.5 billion, representing an historic high. The value of commodities provided under the Public Law 480 Title I long-term concessional sales program totaled \$330 million. The value of commodities donated under section 416 (b) of the Agricultural Act of 1949 totaled \$450 million--up about 50 percent from the previous year. The President's initiative to provide assistance in the countries of the former Soviet Union is strongly supported by the Food for Progress Program, which programmed commodities with a value of almost \$1 billion to support countries that have made commitments to introduce or expand free enterprise

elements in their agricultural sector.

In addition to numerous productive bilateral efforts with key trading partners around the world, the U.S. continued to press for global reform of agricultural trade in the Uruguay Round negotiations under the General Agreement on Tariffs and Trade (GATT). In November 1992, after nearly a year of negotiations, the U. S. and the EC were able to achieve a compromise agreement during negotiations at the Blair House that resolved a number of the outstanding issues in the agriculture negotiations and helped provide the basis for long-term movement toward fairer trade for agriculture. The Blair House accord provided the basis for the Contracting Parties to the GATT to reach agreement on agricultural trade measures as part of a comprehensive Uruguay Round agreement on December 15, 1993.

Extensive outreach efforts were conducted throughout the country during 1993 to explain the provisions of the North American Free Trade Agreement (NAFTA) to those in the agriculture sector who would be affected. The agreement will eliminate most trade barriers among the three nations. When fully implemented, NAFTA will mean an estimated \$2.6 billion annual boost for U.S. farm exports, and the addition of 56,000 new jobs in agriculture and related industries.

SUMMARY OF AGRICULTURAL TRADE

U.S. agricultural exports in fiscal year 1994 are forecast to be \$42.5 billion, unchanged from the previous year. Exports of grains and soybeans are expected to decline \$800 million. The volume of bulk exports will decline 15 percent to 94 million tons, the lowest since fiscal year 1986. This reflects smaller import demand, sharply higher U.S. prices, and increased competition. Higher prices for coarse grains and soybeans will limit the decline in bulk export value to about 5 percent. Total export volume is projected to be 130 million tons, almost 17 million tons below fiscal year 1993.

High-value product (HVP) exports increased \$500 million in fiscal year 1993 and are expected to rise nearly \$800 million in fiscal year 1994. Gains in HVP exports will offset the decline in bulk commodity exports and HVP shipments will again increase their share of total agricultural exports.

U.S. agricultural imports are forecast at \$24.5 billion for fiscal year 1994, unchanged from fiscal year 1993. While value gains are expected in grains, oilseeds, and horticultural products, tobacco shipments will fall. Most other commodities will remain steady. The agricultural trade surplus for fiscal year 1994 is projected at \$18 billion, a slight improvement over fiscal years 1992 and 1993.

U.S. Agricultural Trade, Fiscal Years 1990-1994

	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u> <u>Forecast</u>
	----- (Billion Dollars) -----				
Exports	\$40.1	\$37.5	\$42.3	\$42.5	\$42.5
Imports	\$22.5	\$22.6	\$24.2	\$24.5	\$24.5
Trade Balance	\$17.6	\$14.9	\$18.1	\$18.0	\$18.0
Export					
Volume (MMT)	148.7	129.4	143.6	146.8	130.0

FY 1994 Agricultural Exports Forecast

The forecast for fiscal year 1994 exports of U.S. wheat and flour is 31.1 million tons, 6 million lower than in fiscal year 1993. Export value is expected to drop over \$1 billion to \$3.9 billion. U.S. wheat shipments are forecast to fall in response to lower demand from the new republics of the former Soviet Union, sharply lower South Asian imports, and continued low imports by China, which harvested a record crop and is undergoing market reforms.

U.S. coarse grain shipments are expected to reach 42.8 million tons in fiscal year 1994, down 7.3 million from last year. Most of the decline is due to lower expected corn exports. Smaller import demand, especially from Southern Africa, Eastern Europe, and Canada, sharply higher U.S. prices, and increased competition will mean lower U.S. corn exports. However, sharply higher corn (and sorghum) prices are expected to leave the value of exports unchanged at \$5.1 billion. Record corn shipments from China are expected to further displace U.S. corn in South Korea and other Pacific Rim markets.

U.S. rice exports are expected to reach 2.8 million tons at \$1.1 billion in fiscal year 1994, up 100,000 ton and \$300 million from last year. Export volume and prices are forecast to rise because Japan will import rice from the United States and other countries to offset shortages resulting from an unusually poor harvest in Japan.

The forecast for fiscal year 1994 exports of oilseeds and products is 25 million tons, down 4.4 million from last year. However, total export value is expected to fall by only \$100 million to \$7.3 billion due to higher prices compared with last year. Higher expected prices for U.S. soybeans and products reflect a flood-induced decline in U.S. oilseed stocks and decline in global stocks and stock/use ratios. The impact of weaker foreign demand and increased competition are expected to reduce U.S. soybean exports 3.3 million tons to 17.1 million tons. Meal exports are forecast to fall 1.1 million tons to 4.6 million. Demand for U.S. soybeans and products is forecast to weaken, mainly due to ongoing cuts in EC grain prices which should further reduce EC meal-feeding rates. Competition is expected to increase as a result of a larger South American oilseed crop.

The outlook for cotton calls for modest increases in the volume and value of U.S. exports from last year. In fiscal year 1994, cotton exports are expected to reach 1.3 million tons valued at \$1.7 billion, up 100,000 tons and \$200 million. This forecast reflects slightly larger U.S. supplies, and increased import demand from countries that have traditionally exported cotton, including Mexico, Brazil, Turkey, and Colombia.

The forecast for fiscal year 1994 exports of unmanufactured tobacco exports is \$1.3 billion, or \$100 million lower than last year. The new U.S. law on domestic use requirements is expected to reduce the availability of domestic leaf for export, and prices are not expected to rise because of the dampening impact of larger domestic stocks of foreign tobacco.

The forecast for fiscal year 1994 exports of livestock, poultry and dairy products is up \$400 million from the record set in fiscal year 1993 to \$8.5 billion. Beef, pork, and variety meats are expected to account for half of the gain as exports of these products to Japan, Canada, South Korea, and Mexico continue to rise. Greater foreign demand for U.S. meats is the result of rising incomes, agreements with Japan and South Korea to reduce trade barriers, and the desire of East Asian consumers to add more protein to their diets in the form of meats. Compared to the previous year, U.S. exports of hides, skins, and furs will remain near \$1.3 billion in fiscal year 1994, on the expectation that economic growth in the EC, Japan, and Korea will remain relatively weak. In addition, problems with pollution in Mexico and Taiwan continue to reduce demand from local tanneries. Compared to the

previous year, U.S. poultry exports are expected to rise \$100 million in fiscal year 1994. Broiler parts account for virtually the entire expected increase in poultry exports. The competitiveness of the U.S. broiler industry and growing consumer health awareness continue to drive U.S. sales upward. While sales growth is widespread to all major overseas markets, Hong Kong, Mexico, Japan, and Canada are the top markets. Non-fat milk powder accounts for gains expected in dairy product exports. the use of the Dairy Export Incentive Program (DEIP) bonuses to offset EC subsidies will drive most of the sales increase.

Horticultural products exports are expected to reach a new record high of \$7.6 billion in fiscal year 1994, up \$300 million from last year. Most of this expansion is due to expected sales growth in fresh and processed fruits and vegetables and juices to Canada, Japan, and the EC. A growing foreign demand for healthful foods, adequate U.S. supplies, and the continued market promotion activities of U.S. firms that are supported by Market Promotion Program (MPP) funding are driving exports higher. Tree nut exports are expected to remain flat at \$900 million based on the assumption that the EC economy will not strengthen much over the next year. At nearly \$400 million in fiscal 1993, wine and beer sales are also expected to remain flat. However, exports of other major horticultural products such as floricultural products, ginseng, and various edible preparations, which together totaled just over \$600 million in fiscal year 1993, are expected to continue their upward trend and reach record highs.

U.S. Agricultural Exports, Value by Commodity, Fiscal Years 1990-1994

<u>Commodity</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u> <u>Forecast</u>
----- (Billion Dollars) -----					
Grains and Feeds	16.0	12.5	14.1	14.3	13.6
Wheat and Flour	4.4	3.1	4.5	5.0	3.9
Coarse Grains 1/	8.0	5.7	5.7	5.1	5.1
Corn 2/	6.9	4.9	4.6	4.3	4.1
Rice	0.8	0.8	0.8	0.8	1.1
Oilseeds and Products	6.3	5.7	7.3	7.4	7.3
Soybeans	3.9	3.5	4.3	4.6	4.5
Soybean Cake & Meal . . .	1.0	1.0	1.3	1.1	1.0
Soybean Oil	0.3	0.2	0.4	0.3	0.4
Livestock Products	5.4	5.5	6.0	5.9	6.2
Poultry Products	0.9	1.0	1.2	1.3	1.4
Dairy Products	0.3	0.4	0.7	0.9	0.9
Horticultural Products	5.2	6.1	6.9	7.3	7.6
Tobacco	1.4	1.5	1.6	1.4	1.3
Cotton and Linters	2.7	2.6	2.2	1.5	1.7
Seeds	0.6	0.6	0.7	0.7	0.7
Sugar & Tropical Prods . . .	1.4	1.6	1.7	1.7	1.8
Total Exports	40.1	37.5	42.3	42.5	42.5
Total Imports	22.5	22.6	24.2	24.5	24.5
Trade Balance	17.6	14.9	18.1	18.0	18.0

1/ Includes corn, oats, barley, sorghum and rye.

2/ Excludes by-products.

U.S. Agricultural Exports, Volume by Commodity, Fiscal Years 1990-1994

<u>Commodity</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u> <u>Forecast</u>
	----- (Million Metric Tons) -----				
Wheat	28.1	26.7	34.3	36.1	30.0
Flour	0.9	1.1	0.8	1.1	1.1
Coarse Grains 1/	69.0	51.8	50.2	50.1	42.8
Corn 2/	60.0	44.5	40.6	41.8	34.5
Feeds and Fodders	11.1	11.1	11.7	11.9	11.8
Rice	2.5	2.4	2.3	2.7	2.8
Soybeans	17.2	15.1	19.2	20.4	17.1
Soybean Cake & Meal	4.8	5.0	6.3	5.7	4.6
Soybean Oil	0.6	0.4	0.7	0.6	0.6
Beef, Pork and					
Variety Meats	0.7	0.7	0.9	0.9	1.0
Poultry Meats	0.6	0.6	0.8	1.0	1.0
Animal Fats	1.3	1.2	1.4	1.4	1.4
Cotton and Linters	1.7	1.6	1.5	1.2	1.3
Horticultural Products 3/ ...	4.6	5.0	6.0	6.1	6.6
Other 3/	4.3	4.7	4.9	5.1	5.2
Total	148.7	129.4	143.6	146.8	130.0

1/ Includes corn, oats, barley, sorghum and rye.

2/ Excludes by-products.

3/ Includes only those items measured in metric tons.

U.S. Agricultural Exports, Value by Region, Fiscal Years 1990-1994 1/

<u>Commodity</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u> <u>Forecast</u>
----- (Billion Dollars) -----					
Western Europe	7.3	7.3	7.7	7.85	7.5
European Community 2/ .	6.8	6.8	7.2	7.0	7.0
Other Western Europe ..	0.5	0.5	0.5	0.5	0.5
Eastern Europe 3/	0.5	0.3	0.2	0.5	0.4
Former USSR	2.9	1.7	2.7	1.6	1.2
Asia	16.1	14.6	16.0	15.9	16.4
Japan	8.1	7.7	8.4	8.4	8.9
China	0.9	0.7	0.7	0.3	0.3
Taiwan	1.8	1.7	1.9	2.0	2.1
Hong Kong	0.7	0.7	0.8	0.9	0.9
South Korea	2.7	2.2	2.2	2.0	2.0
Pakistan	0.4	0.1	0.2	0.2	0.3
Philippines	0.4	0.4	0.4	0.5	0.6
Middle East 4/	1.9	1.4	1.8	1.9	2.0
Israel	0.3	0.3	0.3	0.4	0.4
Saudi Arabia	0.4	0.5	0.5	0.5	0.5
Africa	1.9	1.8	2.3	2.7	2.5
North Africa 5/	1.5	1.3	1.4	1.7	1.7
Sub-Saharan Africa	0.5	0.5	0.9	1.0	0.8
Latin America	5.1	5.5	6.4	6.9	6.9
Mexico	2.7	2.9	3.7	3.6	3.9
Venezuela	0.3	0.3	0.4	0.5	0.4
Brazil	0.1	0.3	0.1	0.2	0.2
Canada 6/	3.7	4.4	4.8	5.2	5.2
Oceanic	0.3	0.3	0.4	0.5	0.4
Total	40.1	37.5	42.3	42.5	42.5
Developed Countries 7/ . .	19.8	20.1	21.7	21.9	22.4
Less-Developed Countries	15.9	14.8	17.1	18.2	18.2
Former Centrally- Planned Economies 8/ . . .	4.4	2.7	3.6	2.3	1.9

1/ Data are adjusted for transshipments through Canada and Western Europe.

2/ Includes new eastern German states beginning in 1991.

3/ Excludes the new eastern German states beginning in 1991.

4/ Turkey, Cyprus, Syria, Lebanon, Iraq, Iran, Israel, Jordan, Gaza, Kuwait, Saudi Arabia, Qatar, United Arab Emirates, Yemen (Sana and Aden), Oman and Bahrain.

5/ Morocco, Algeria, Tunisia, Libya and Egypt.

- 6/ U.S. exports were under-reported to Canada prior to 1990. Data have not been adjusted to reflect this.
- 7/ Western Europe, Japan, Canada, Israel, Australia, New Zealand and Republic of South Africa.
- 8/ Former Soviet Union and China.
NA = not available.

Top Ten Export Markets

The top ten markets account for three-fourths of all U.S. agricultural exports. Japan is projected to remain the largest market for U.S. exports, and the EC will remain the second largest. Through the continued growth of beef sales, high-value consumer foods are nearing 50 percent of total U.S. agricultural exports to Japan. The profile of U.S. exports to the EC is quite different. Due to large shipments of soybeans for the oilseed crushing and animal feed industries of the Netherlands and Germany, 44 percent of U.S. agricultural exports to the EC fall into the bulk commodity category. A third of U.S. exports to the EC fall into the intermediate products category due, in part, to large shipments of animal feeds.

Top Ten U.S. Agricultural Export Markets, Fiscal Years 1993-1994

	<u>1993</u>	<u>1994</u> <u>Forecast</u>	<u>% Change</u>
	----- (Billion Dollars) -----		
Japan	8.4	8.9	+6
EC	7.0	7.0	0
Canada	5.2	5.2	0
Mexico	3.6	3.9	+8
South Korea	2.0	2.0	0
Taiwan	2.0	2.1	+5
Former Soviet Union	1.6	1.2	-25
Hong Kong	0.9	0.9	0
Egypt	0.8	0.8	0
Philippines	0.5	0.6	+20

NA = not available.

Agricultural Imports:

In fiscal year 1994, U.S. agricultural imports are forecast at \$24.5 billion, unchanged from the previous year. The import value of competitive products--those products which are also produced in the United States--is projected to account for most of the increase. The five top suppliers to the United States remain the EC, Canada, Mexico, Brazil and Australia.

FOREIGN MARKET DEVELOPMENT

The Foreign Market Development Program, the purpose of which is to develop and expand commercial export markets, is conducted in cooperation with 35 U.S. agricultural firms, four state regional organizations and the National Association of State Departments of Agriculture. Virtually every U.S. farm products entering world trade is promoted by one of the market development activities which reach over 130 foreign markets. Example of recent progress include:

1. SRTG Seminars for Small & Economically Disadvantaged Businesses. During the 1993 MPP marketing year, the State Regional Trade Groups (SRTG) conducted over 25 educational seminars targeting small and economically disadvantaged businesses. The purpose of the on-going seminar series is to ensure that all potential businesses have an opportunity to participate and benefit from international marketing opportunities. Fifty-five of the companies attending became new applicants of the 1993 MPP program. The seminars have reached over 500 businesses in over 20 states, with more seminars planned in fiscal year 1994. In comparison, similar SRTG conducted seminars in fiscal year 1992 reached approximately 1,329 people from 44 states. Fifty-five of the companies that attended the seminars in fiscal year 1993 ended up as new applicants for the 1993 MPP branded program.

2. Trade Leads Up in 1993. The Trade Leads Program plays a particularly important role in helping small companies without large international marketing staffs enter export markets. In fiscal year 1993, 62 posts submitted a total of 3,990 Trade Leads, which was an increase of nearly 14 percent from the fiscal year 1992 level. These Trade Leads have generated confirmed sales of over \$250 million.

3. Trade Shows Facilitate High Value Product Exports. At shows in France, Taiwan, the Arabian Gulf and Mexico, FAS supported the marketing efforts of 380 exporters promoting over 2,000 new-to-market food and beverage products. The U.S. exhibitors reported making over 5,100 promising trade contacts, an average of 13 contacts per show per exhibitor. They estimated that new exports would total \$70 million as a result of the shows.

4. Cotton Market Development. Working closely with the private sector, the Tobacco, Cotton, and Seeds Division spearheaded efforts to take advantage of the opportunities presented by the dramatic changes in world cotton markets in the past year. GSM-102 Export Credit Guarantee coverage for \$5 million worth of U.S. cotton was opened for Estonia, a new market. Previously, nearly all of Estonia's cotton requirements were supplied by the former Soviet Union. Expanded trade access to Mexico and \$45 million in GSM-102 coverage increased U.S. cotton exports to Mexico by 162 percent in marketing year 1992/93, to 557,000 bales, representing a nearly 80 percent market share of the Mexican cotton market.

5. Coordinated Market Development/Trade Policy Initiative Generates Increased Wood Utilization in Japan. A market development program focusing upon long-term technical and educational activities has resulted in the construction of a rapidly increasing number of large wood-frame buildings. The industry's program focused upon demonstrating the economy and safety of large wood-frame structures. This educational program laid the foundation for the success of the Super 301 negotiations in revising Japan's building law to allow for large wood buildings. As a direct result of these activities, a new use for U.S. wood products has been generated. Over 80 large scale wood structures have been, or soon will be, constructed in Japan.

6. U.S. Livestock and Livestock Genetics Form a Unified Organization. The Dairy, Livestock and Poultry Division played a critical role in encouraging the U.S. livestock genetics industry to unite in promoting U.S. livestock genetics internationally. The U.S. Livestock Genetics Export Inc. (USLGE), organized in August 1993, was designed to improve communication between exporters of all livestock species and to coordinate the international market development programs for livestock genetics. The formation of USLGE will permit the more efficient utilization of FAS promotional resources and will enable the industry to respond in a more focused and timely way to important marketing and trade policy issues affecting the trade of U.S. genetics.

7. Korea. Over the past six years, Korea's gross national product has increased significantly. Korea generally allows imports of bulk commodities, due to the shortage of arable land. Intermediate goods and finished or higher value products, are not as readily allowed access to the Korean market.

Korea is consistently among the top five export markets for U.S. agricultural and forest products. In 1993 imports from the U.S. were valued at \$2.0 billion, consisting primarily of cattle hides, cotton, beef, wheat and soybeans. Although the market for processed agricultural products is small by comparison, imports of higher value products are growing rapidly due to: pressures from other nations, increasing demand, and changing consumer preferences.

Successful market development efforts by MPP and Foreign Market Development (Cooperator) Program participants in cooperation with FAS include the following:

- ** Due to lower prices from competing suppliers, Korean demand for U.S. soybean meal has been limited, with no imports in fiscal year 1991. The American Soybean Association (ASA) began promoting the use of U. S. Hi-Pro soybean meal, a highly competitive value-added product. As a result of ASA's efforts, the Korea Feed Association purchased 100,000 tons of Hi-Pro meal in fiscal year 1992.
- ** The American Forest and Paper Association (AFPA), assisted by the MPP, has been successful in its efforts to increase consumption of U.S. value-added wood products in Korea. During the 1992 program year, 75 wood frame structures were either completed or underway by Korean construction companies. Prior to AFPA's trade servicing program, no 2X4 wood frame homes had been built. AFPA is set to capture a significant portion of the annual housing starts of 500,000 units in Korea and expects the number of wood frame residences to increase over the next several years.
- ** Prior to 1992, wild blueberry sales in Korea were nearly nonexistent. Using MPP funds, the Wild Blueberry Association of North America participated in the Seoul/American Food Fair '92. As a result of the contacts made at the show and follow-up activities conducted by individual companies, Maine processors have exported frozen blueberries valued at more than \$40,000 and expect an additional \$80,000 in sales by the end of the program year.

8. Taiwan. Taiwan's dynamic economy continues to expand as evidenced by a growth of more than 6 percent in its gross domestic product in 1992. Although Taiwan is a net importer of agricultural goods, market access has been primarily limited to bulk commodities and intermediate goods. High tariffs continue to hinder most U.S. agricultural exports to this market. Within the past 5 years, imports of consumer-oriented, high-value products have begun to increase. The movement toward consumer-ready products is likely to continue given rising disposable incomes, changes in consumer preferences, and changes in societal structure.

Successful market development efforts by program participants in cooperation with FAS include the following:

- ** Once a dumping ground for low margin bulk prunes, Taiwan has emerged as a profitable market for value-added pitted California prunes. For nearly a 20-year period, most California prunes were shipped in bulk form to Taiwan as a substitute for Chinese black dates. Only a small quantity of prunes were available at the retail

level. In 1991, following the lifting of the ban on imported black dates from mainland China, the California Prune Board began a promotional campaign to reposition and introduce high value pitted prunes. MPP funded activities such as in-store promotions, public relations events, and advertising helped boost shipments of pitted prunes from 10 percent of total shipments for the 1990/91 season to 20 percent in 1991/92. In addition, the average value of each ton sold increased from \$759 per ton to \$1,077 per ton over a 2-year period.

- ** The Northwest Cherry Growers using MPP funds conducted in-store demonstrations to educate and entice consumers. Average daily sales increased by nearly 100 percent during the demonstration periods, while total imports of U. S. fresh cherries doubled in the 1992 season to 1,400 tons.

9. Japan. Japan continues to be the world's largest net importer of agricultural products with the U.S. as its top supplier. The importance of domestic agriculture is declining relative to Japan's economy, contributing only 3 percent to national income. Domestic production focuses on rice, livestock products, fruits, and vegetables while leading imports include wheat, feed grains, logs, cotton, red meats, citrus and poultry. Changing Japanese lifestyles have had a significant impact on consumption patterns and the food industry. Import demand will continue to grow as consumption rises faster than domestic production and as market liberalization creates new openings.

Successful market development efforts by program participants in cooperation with FAS include the following:

- ** The California Strawberry Advisory Board instituted a series of educational activities and aggressive food service promotions in Japan to address the lack of trade and consumer awareness of California frozen strawberries. Use of frozen strawberries in this market was previously limited to jam manufacturers. Due in part to these MPP supported activities, five major trading firms and food manufacturers have introduced California frozen strawberry products to the food service and retail sectors. In 1992, exports of California frozen strawberries to Japan totaled more than 9,000 tons, an increase of 20 percent over the 1991 level.
- ** To mitigate consumer fears on the safety of U.S. pork, the U.S. Meat Export Federation (USMEF) conducted a series of MPP funded activities in Japan, including seminars and advertorials. The message of product safety and quality was conveyed in each of the activities. As a result, more than 1,500 retail outlets participated in USMEF's American pork promotion campaign between November 1992 and March 1993. This effort has led to an increase in the U.S. market share of imported pork from 13 percent in 1991 to more than 15 percent in 1992.
- ** Imports of U.S. cheeses into the highly competitive Japanese market have been constrained since their introduction in 1991, due to the lack of trade and consumer awareness. Although trade education seminars and generic retail tastings have helped increase sales, these activities did not attract sufficient attention given the market's annual growth rate of 6.7 percent. The National Dairy Promotion and Research Board, using industry and Cooperator Program funds, arranged a sampling promotion with JUSCO, Japan's fourth largest retail chain. According to JUSCO, daily sales of non-American, bar-type cheese averaged 2-3 pieces per store. During the week of the promotion, average store sales of U.S. cheese soared to 50 bars a day. The promotion was repeated and similar results were achieved. The success of these campaigns has encouraged JUSCO and its wholesaler to expand to nationwide

distribution. This has also attracted the attention of others in the trade who are now seeking to carry U.S. cheese.

10. Mexico. Mexico's economy grew at a moderate rate of 2.6 percent in 1992. The growth was expected to be slower in 1993, due in part to high domestic interest rates and tight fiscal policies. Despite the slow growth, liberalized trading practices have contributed to a surge in imported agricultural products. In 1992, exports of U.S. agricultural products to Mexico increased in value by 27 percent, reaching \$3.8 billion. These were led by fresh and frozen meats, oilseeds, grain sorghum and high value food products. The implementation of the new income support policy for agriculture in 1994 and the recent signing of the NAFTA should provide additional opportunities for U.S. suppliers.

Successful market development efforts by program participants in cooperation with FAS include the following:

- ** Following the opening of the Mexican market to U.S. fresh apples in 1990/91, the U.S. export market potential became apparent, despite strong competition from local producers and a lack of trade and consumer awareness. The Washington State Apple Commission, a MPP participant, planned and implemented a program to develop and expand a distribution network, educate the trade, and increase consumer awareness of Washington state fresh apples. The results of this campaign were dramatic. Sales of Washington state apples to Mexico increased from 564,000 cartons during 1990/91 to more than 5 million cartons in 1992/93.
- ** Until 1989, the Mexican market was closed to U.S. rice due to high protectionism. Following the opening of the market, the USA Rice Council initiated an extensive communication campaign using MPP funds to educate the Mexican rice trade on the numerous types of rice and customer services available through the U.S. rice industry. In marketing year 1992/93, imports of U.S. rice approached 250,000 metric tons or nearly one-half of Mexico's annual import needs. These efforts have made Mexico the number one customer for the U.S. rice industry.
- ** A New York State company participating in the MPP, through the Eastern United States Food and Export Council, identified Mexico as an emerging market for its products. Through participation in trade shows, trade seminars, and point of sale promotions, this producer of frozen bakery dough, toppings, and glazes was able to create greater awareness of its products among the trade and consumers. In 1992, sales of the company's products more than doubled the 1991 level, reaching in excess of 155,000 cases valued at more than \$3.7 million.

11. United Kingdom. Since 1989, U.S. agricultural exports to the United Kingdom (U.K.) have grown steadily, increasing by more than \$200 million over the last three years. The majority of this growth occurred in high value products. Currently, the U.K. is the ninth largest U.S. export market for consumer-oriented food and beverage products. However, of the \$78 billion U.K. food and drink market, the U.S. supplied only \$1 billion in 1992. Although U.S. suppliers face stiff competition from domestic producers and other EC member states, considerable opportunities exist for export expansion in this market.

Successful market development efforts by program participants in cooperation with FAS include the following:

- ** Despite the system of variable levies and duties imposed by the European Community, the USA Poultry and Egg Export Council (USAPEEC) is strongly

committed to increasing market share for U.S. poultry in the U.K. Types of promotional activities undertaken by USAPEEC include in-store promotions, direct mail in poultry product exports to the U.K., reaching nearly 10,000 metric tons in 1992 compared to just over 1,500 tons in 1991.

- ** The Western United States Agricultural Trade Association, in cooperation with the Western United States plum industry, used MPP funds to introduce plums from the Pacific Northwest. To increase awareness of this product, whose season generally falls on the heels of the California crop, these organizations held a trade luncheon and placed targeted trade advertisements. As a result of these activities, exports of Idaho plums to the U.K. increased from 380 metric tons in 1991 to 640 tons in 1992.
- ** In 1990, the American Hardwood Export Council (AHEC) identified market potential for maple lumber in the U.K. According to U.S. export data, the value of 1990 maple lumber exports to the U.K. totaled \$1.72 million (4,385 cubic meters). In 1991, AHEC began a public relations and publicity campaign in the U.K. entitled "American Maple Year." Activities included editorials in consumer magazines and other small projects which demonstrated direct applications of maple in furniture and interiors. Despite a significant rise in maple prices during 1991/92 and a reduction in total U.K. hardwood consumption, U.S. maple exports to the U.K. reached \$2.80 million (6,335 cubic meters) - a 63 percent increase in export value.
- ** The U.S. first entered the U.K. bovine semen market in 1985 after the conclusion of an intense effort to negotiate a semen import health protocol. Our primary competitor, Canada, was active in the U.K. market at least 10 years prior. To enhance the U.S. image and recognition in the U.K., the National Association of Animal Breeders (NAAB) used MPP funds to obtain exhibit space and construct a highly visible USA bovine semen pavilion at the prestigious United Kingdom Royal Show. As a result of this presence, the U.K. became the number three export market (out of a possible 72 countries) for U.S. semen in 1992, up 2 positions from the previous year.

FOREIGN AGRICULTURAL AFFAIRS (Agricultural Counselors, Attaches and Trade Officers)

FAS Agricultural Counselors, Attaches and Officers, are assigned to 75 U.S. Embassies, Consulates, and Agricultural Trade Offices (ATOs) covering over 133 countries and territories, to represent and promote the agricultural interests of the U.S.. They support and strengthen the agricultural sector of the American economy by assisting in the expansion of commercial markets for U.S. agricultural products. They provide information on a scheduled and alert basis that prepares U.S. agriculture for changes in world supply and demand conditions, and safeguards American farmers against unfair and injurious barriers and competition. Examples of recent progress include:

1. Attache's Report on China's Cotton Crop Helped U.S. Farmers Gain a Fairer Market Price. The Agricultural Attache's alert reporting of a sharp decline in China's cotton crop prospects following field trips into primary growing regions was met with skepticism by the international press and outright denial by the Chinese Government. However, after several months, Chinese authorities acknowledged a serious bollworm problem, and their final crop estimate was within a few percent of the Attache's estimate. The alert reporting of the unsuspected damage to the huge Chinese cotton crop reversed falling international cotton prices and helped U.S. farmers gain a fairer market price.

2. Agricultural Trade Office (ATO) Guangzhou Helps U.S. Farmers Tap Growing South China Market. The stepped-up trade development activities of the ATO Guangzhou contributed to millions of dollars of additional U.S. agricultural exports to South China, and laid the foundation for increased future sales. The ATO's development of trade contacts in South China is credited by both U.S. exporters and Chinese importers alike for millions of dollars of additional U.S. poultry parts exports. Assistance to a Chinese importer and to french fry end users led to increased imports of U.S. frozen french fries: the importer now imports two containers per month compared with one per month the previous year. After developing contact with a fruit importer, the importer switched purchases from New Zealand and Australia to the U.S. for 600-700 tons of apples, citrus and table grapes. The importer plans to significantly increase purchases of U.S. product if PRC phytosanitary barriers are eliminated as part of US-PRC trade negotiations. U.S. beef offal suppliers are also expanding exports to China using the ATO's newly developed contacts. These few examples, plus managing a first-ever U.S. participation in a PRC food show in Guangzhou, recommending and assembling four Cochran Fellowship Program trade-related teams, responding to a two-fold increase in U.S. trade inquiries, and servicing a sharp increase in U.S. Cooperator Program activity, illustrate the impact on U.S. exports of timely on-the-ground trade development services offered by ATOs, Attaches and Counselors.

3. FAS Jakarta and Cooperator Coordination Works to Expand Future U.S. Bulk Commodity Sales. FAS/Jakarta worked closely with the Indonesian ministries and private feed mill industry to explore the possibility of building a bulk grain handling facility in Jakarta to handle large ships. Coordinating with the U.S. Feed Grains Council in Kuala Lumpur, an Indonesian government-industry team was sent to Cairo to observe off loading of U.S. corn using the lightering method. Building a bulk grain handling facility is a top priority of Indonesia and FAS/Jakarta and FAS/Washington are exploring the possible use of the new Emerging Democracies Facilities Guarantee Program. When the port facility is completed, Indonesia will become a growth market for corn, soybeans, soybean meal and other feed inputs.

4. Export Programs Retain Russian Market for U.S. Farm Trade. During the past year, the Russian Federation relied primarily on government-supported imports of bulk agricultural commodities, such as wheat, feed grains, and oilseed meal. Defaults on debt payments late in 1992 by official Russian banks led to the suspension of CCC export credit guarantees. Extremely serious shortages of grains and feeds were feared, owing to the inability of the Russian Federation Government to finance imports or access credits. Based on analysis and guidance from FAS/Moscow, USDA responded vigorously to Russia's needs, putting together a variety of programs under Food for Progress, P.L. 480 and section 416(b) authorities to maintain the supply of U.S. farm products to Russia. After Washington announced the programs, including President Clinton's promise of \$700 million in concessional assistance, FAS/Moscow worked tirelessly to help the Government of Russia understand and implement these programs.

5. U.S. Exports to Slovenia Show Strong Rise. Exports of U.S. agricultural products to Slovenia jumped to \$15.5 million during the first seven months of 1993, up from less than \$800,000 in the preceding year. The increase in trade was largely due to the efforts of the Agricultural Affairs Office in Vienna and the FAS/Washington Grain and Feed Division in making Slovenia eligible for an EEP for wheat. To ensure that Slovenian importers took maximum advantage of USG programs (GSM-102 and EEP), the staff of FAS/Vienna traveled frequently to the country making numerous presentations to explain how to effectively utilize these programs.

6. Egypt Plans U.S. Vegetable Oil and First-Ever Sorghum and Barley Purchases. FAS/Cairo sponsored and coordinated a first-ever vegetable oil team to the U.S. in June 1993 to enhance U.S. exports. As a result, the team plans to purchase U.S. vegetable oil, and for the first time, U.S. sorghum and barley for the Egyptian market.

7. U.S. Wheat Captures 60 Percent of the Moroccan Wheat Import Market in 1992/93 Versus 18 Percent in 1991/92. The Agricultural Attache led on-the-spot negotiations with Moroccan officials for an unprecedented single sale of U.S. wheat to Morocco under the EEP which helped boost U.S. wheat sales to Morocco 600 percent. The Attache's intervention in prompting USDA to provide an additional \$40 million in CCC credit guarantees also helped the U.S. capture the market.

8. India Eliminates Almond Quotas. The Agricultural Affairs Office in New Delhi led negotiations to remove quota restrictions affecting imports of almonds into India. Working closely with U.S. almond shippers and Indian Government officials, committed to trade liberalization, the office helped to forestall efforts by the importers' cartel to get quotas reimposed over the ensuing twelve months. Almond Board of California data shows that exports of California almonds to India increased from 17 million pounds in the last year that quotas were in effect to 30 million pounds in the marketing year ending June 30, 1993.

9. Quick Action Saves U.S. Dairy Cows and Maintains U.S. Market Potential in Algeria. When Algerian veterinary authorities threatened to slaughter 171 U.S. origin dairy cows they considered diseased or infected, the Agricultural Counselor moved quickly to bring in USDA veterinarians to convince Algerian officials that the animals were healthy. The quick action saved the animals, the reputation of the U.S. dairy cattle industry, a \$9 million U.S. Feed Grains Council dairy sector project, and future sales to this market which has the potential to absorb thousands of U.S. dairy cattle.

10. U.S. Wheat Dominates Pakistan Import Market. U.S. wheat exports to Pakistan were valued at \$252 million in 1992, up 115 percent. These results were achieved by the Agricultural Attache coordinating an aggressive marketing campaign, a sizable EEP initiative, an adequate GSM-102 credit guarantee program, and an effective effort to convince Pakistani authorities to eliminate import regulations blocking EEP sales to private importers.

11. Agricultural Attache Trade Policy Initiatives in Guatemala and El Salvador Help Keep Open U.S. Poultry and Coarse Grain Markets. The Agricultural Attache's strategic, continuous counter-pressure has kept the growing Guatemalan market open for U.S. poultry, despite strong political pressure by domestic producers and Central American nations to prohibit entry of the U.S. product. In addition, the Attache's intensive trade policy negotiations resulted in Guatemala and El Salvador agreeing to eliminate a variable rate tariff that has caused U.S. coarse grain exports to plunge 44 percent and 72 percent, respectively, in 1992 from \$14.6 million and \$14.4 million in 1991.

FOREIGN MARKET INFORMATION AND ACCESS

Commodity and Marketing Programs:

FAS is responsible for providing data relating to supply, distribution, and foreign demand of agricultural commodities. Data are collected from field reports furnished by the Agricultural Counselors, Attaches and ATO's special field studies conducted by Washington

analysts and various other public sources. Advanced economic analyses are conducted to examine the data and produce short term commodity forecasts, commodity status summaries and market potential guidance on a country and area basis. Price, supply and demand fluctuations and their possible impact upon American exports and market development activities are a particular focus of the commodity and marketing programs area. Reports and analyses are distributed to the U.S. agricultural community through various channels, including categories of FAS publications, FAS participation in trade conferences and U.S. trade organizations. A program of import controls is administered on selected foreign agricultural products imported into the United States.

1. Oilseed Zero-for-Zero Initiative Becomes Part of the Uruguay Round Negotiations.

In preparation for the Market Access phase of the Uruguay Round negotiations, the U.S. oilseed industry and FAS analysts from the Oilseeds and Products Division analyzed the potential benefits from world-wide trade liberalization in the oilseed complex. This initiative united U.S. oilseed growers and the processing industry behind a common goal of eliminating tariffs and non-tariff barriers to trade for the oilseeds and oilseed products commodities.

The analysis projected that elimination of the global trade barrier and export subsidy could increase total vegetable oil consumption to approximately 91million tons in the year 2001, compared to 80 million tons if the initiative is not implemented. Protein meal "potential" consumption gains are also significant, but protein meal trade is less affected by trade barriers than vegetable oil. As a result of this analysis, and with the full support of the U.S. oilseed industry and several members of the International Association of Seed Crushers, the zero-for-zero initiative for oilseeds and products was proposed in Geneva in July 1993. This initiative has moved the Uruguay Round negotiations forward and should result in improved market access for oilseeds and products, even if the ultimate achievement is something less than total elimination of duties, trade barriers, and export subsidies.

2. Improvements Made in Fiscal Year 1993 Vegetable Oil Export Bonus Program Implementation. The Oilseeds and Products Division enhanced the operation of the EEP/SOAP/COAP programs for vegetable oils by expanding the country coverage and announcing the programs early in fiscal year 1993. This allowed both U.S. exporters and foreign buyers of vegetable oils to have greater certainty about market opportunities, making the United States a more reliable supplier. While total sales under the three programs for the year dropped slightly due largely to lower sales to the former Soviet Union and reduced supplies of cottonseed and sunflowerseed oils, sales to many of the markets which have the brightest long-term prospects for U.S. exports rose significantly. For example, the SOAP program utilization increased sharply in Latin America (72 percent of all SOAP sales). Mexico alone accounted for about 55 percent of the total.

3. FAS Administers First EEP for Processed Horticultural Product. Under the first-ever EEP program for a horticultural product, FAS facilitated the export of nearly 4,200 metric tons of canned peaches, with bonuses awarded totaling approximately \$556,000. This was the first time an EEP initiative had been targeted at either Japan or Korea.

4. China Market Access Discussions Yield Some Progress for Fruit. Efforts by FAS and other agencies on the policy and technical levels, encouraged China to meet its Section 301 Market Access commitment to remove unjustifiable phyto-sanitary regulations. Following an FAS-coordinated visit in August 1992, China's plant quarantine officials proposed a protocol permitting market access for Washington apples. Further discussions are needed to refine this proposal, as well as discuss terms governing market access for other fruits from the U.S.

5. Thailand Proposes Terms for Entry of U.S. Citrus. Following an FAS-coordinated visit by Thai plant quarantine officials, Thailand proposed a protocol which lifts the existing import ban and allows access for U.S. citrus. Discussions continue on gaining access to what the U.S. industry views as a promising new market.

6. Japan Signals Positive Intentions to Open its Apple Market. Japan has agreed to "expeditiously conduct" government actions required to allow entry of U.S. apples during the 1994 season, if all scientific requirements have been met. The U.S. has negotiated with the Japanese since 1971--when Japan officially removed economic restrictions to apple imports--to allow entry of U.S. apples. Due to a series of phyto-sanitary restrictions by Japan, the U.S. has been kept out of the market.

7. Italy Relaxes Honey Import Restrictions in 1993. After continued pressure from FAS officials in Washington and Rome, the Italian Ministry of Health removed its sanitary import certification requirement on honey packaged in consumer-sized containers. U.S. honey exporters are expected to benefit from this action, as virtually all U.S. honey exported to Italy is packaged in consumer-sized containers for sale as specialty product. Exports of U.S. honey to Italy declined sharply after October 1982, following the implementation of the Italian government's restrictive policy.

8. U.S. Grapes Enter Mexico for the First Time. In response to a concerted push by FAS, APHIS and the trade, Mexico liberalized its import licensing and phyto-sanitary requirements in late fiscal year 1993 allowing legal table grape imports from the U.S. for the first time. The implementation of the NAFTA and progress on phyto-sanitary issues may develop Mexico into the second largest foreign market, after Canada, for U.S. table grapes.

9. Taiwan Will Soon Import U.S. Potatoes as Phyto-sanitary Issue is Resolved. Taiwan has long prohibited the import of U.S. table potatoes because of phyto-sanitary concerns about two diseases present in the United States: golden nematode and tobacco blue mold. During a June 1993 visit by Taiwan plant health authorities, USDA demonstrated that these diseases are either not present in potato growing areas or are effectively controlled. While Taiwan quarantine authorities have not yet moved to lift these phyto-sanitary import restrictions, they have indicated that positive actions will be taken in the near future.

10. U.S./Canada Potato Meeting Results in Further Potato Grade Harmonization. During meetings with the Government of Canada, the U.S. potato industry, the Canadian potato industry, and USDA, great progress was made in harmonizing fresh potato grades used by both the U.S. and Canada. USDA's AMS has already implemented some of the changes, resulting in similar grade standards and easier access by the potato industry to the Canadian market.

11. Taiwan Codling Moth Restrictions on Apples Stalled and Softened. Working with APHIS and the American Institute in Taiwan, FAS deterred Taiwan phyto-sanitary officials from implementing an unrealistically stringent new quarantine guideline, which threatened all imports of 1993 crop U.S. apples, to prevent introduction of codling moth. Taiwan is the largest U.S. offshore market for apples. U.S. exports there totalled over \$80 million in calendar year 1992. Several rounds of negotiations also encouraged Taiwan quarantine officials to alter several sections of the guideline that were unacceptable to the U.S. apple export trade.

12. FAS Moves to Expand Overseas Reporting on Array of Expanding Horticultural Exports. FAS moved forward with plans to expand its overseas reporting on several horticultural products, including wine, processed sweet corn and frozen french fries, which

recently have experienced export gains and offer prospects for further growth. The proposed new reporting will identify export opportunities and trade distorting policies.

13. U.S. Prepared for Lifting of Nigeria Wheat Import Ban. The close monitoring of the rapidly changing policy situation in Nigeria enabled FAS to program wheat to Nigeria under the EEP in response to the suspension of Nigeria's wheat import ban. The timely availability of EEP resulted in large U.S. wheat sales to Nigeria making the U.S. the dominant supplier. Without EEP, the EC, which aggressively targets African markets with especially large restitutions, would almost certainly have captured this market. Since the re-opening of the market, the U. S. has sold over 1.5 million metric tons to Nigeria.

14. Planting Seed Markets Protected. The Tobacco, Cotton, and Seeds Division coordinated efforts with FAS personnel as well as other USDA agencies to pre-empt and/or resolve significant threats to planting seed imports arising from several foreign government actions. In Greece, FAS representation resulted in the government's withdrawal of proposed import restrictions on corn and cotton seed for sowing, thus maintaining a combined \$10 million market. In Syria, implementation of new regulations governing variety registration threatened to preclude U.S. firms from the market. Inter-government discussions resulted in implementation procedures acceptable to both U.S. firms and the Syrian government saving this \$2 million market. Close cooperation between APHIS and FAS resulted in progress being made in the on-going efforts to obtain plant variety protection for U.S. developed species in several foreign countries including India and Brazil.

15. Threat to Mexican Seed Market Eased. Mexico, the U.S.'s largest planting seed export market at \$100 million, announced it was revising its phyto-sanitary regulations governing seeds. Strict interpretation of the proposed regulations would have closed this valuable market to many, if not all, U.S. suppliers. Prompt, well-coordinated efforts among several USDA agencies and representatives of the U.S. and Mexican seed industries resulted in resolution of numerous issues within the negotiations aimed at practical, trade-furthering interpretations of the new seed and plant health laws. While negotiations remain on-going, prompt FAS action resulted in the maintenance of this valuable market.

16. EC Adopts Commercially Feasible Softwood Lumber Import Procedures. Proposed EC import requirements for softwood lumber threatened \$280 million in U.S. exports. As a result of in-depth and lengthy technical discussions and research, and high-level Administration representation, the EC adopted import requirements that provide the necessary safeguards and allow trade to continue. The key to the procedures adopted by the EC is the acceptance of an APHIS supervised, private sector executed certification system.

17. FAS Focuses Forest Product Reporting on Market Opportunities and Obstacles. Overseas reporting on forest products from nearly 30 countries has been revised focusing on export opportunities, competition and obstacles to market access. The additional market oriented information and reorganized structure are designed to contribute to market development program planning and the long-term agricultural trade strategy. These reports will also form the foundation for improved commodity reports provided to the private sector which will feature market opportunities and obstacles.

18. Fiscal Year 1993 EEP Package Increases U. S. Egg Exports. Under USDA's EEP, U.S. egg exports for fiscal year 1993 to Hong Kong and the Near East (United Arab Emirates, Bahrain, Kuwait, Oman, Qatar, and Yemen) doubled over the fiscal year 1992 level. During fiscal year 1993, EEP sales totalling 50 million dozen eggs were approved to Hong Kong and the Near East, compared with 25 million dozen in the previous year. Due to the higher than normal domestic table egg supplies, it was increasingly beneficial to export

eggs to these markets.

19. Opening of the Japanese Embryo Market. The Dairy, Livestock and Poultry Division was instrumental in contributing to the opening of the Japanese embryo market for U.S. genetics. In the past, U.S. embryo exports to Japan have been nil. The Division worked with the industry for over four years providing support and information to alleviate the animal health concerns of the Japanese. The Japanese named the American Embryo Transfer Association as the recognized certifying agent for the export of U.S. embryos. The opening of this market could increase total U.S. embryo exports by 15 percent annually.

20. Seafood Reporting Developed. The Dairy, Livestock and Poultry Division developed requirements for initiation of comprehensive FAS field reporting comparable to that of "traditional" agricultural commodities. This was in response to legislative mandates and industry requests to make seafood eligible, for the full range of USDA export assistance programs. The advise of seafood trade specialists, from across the U.S., was solicited to ensure that the types of information gathered will meet exporter needs for timely foreign market information. Scheduled FAS field reporting from the 16 most important competitor or market countries for U.S. seafood exports is anticipated to begin in 1994.

Trade Policy Activities:

The International Trade Policy program area coordinates the Department's responsibilities relating to the conduct and implementation of international trade agreement programs and trade negotiations, with a specific goal of expanding U.S. exports. The program area identifies policies and programs of other governments which discourage the export of U.S. farm products, then contributes to the development and implementation of Administration policies and negotiations to reduce or remove these barriers. The program area also participates in the formulation and administration of U.S. import policies to ensure that they adequately reflect the interest of U.S. farmers.

1. Uruguay Round Negotiations Intensify Around Draft Final Act and Blair House Accord: On November 20, 1992, after nearly a year of negotiations, the U.S. and the EC were able to achieve a compromise agreement during negotiations at the Blair House. A number of the outstanding issues in the agriculture negotiations over the "Draft Final Act (DFA)" tabled by GATT Director General Arthur Dunkel in December 1991 were resolved. The U.S. and most of the other countries involved in the negotiations accepted the DFA when it was introduced as the basis for bringing the negotiations to a conclusion. Other countries, led by the EC, demanded changes in the agriculture section of the DFA stalling the negotiations. The Blair House accord allowed for the reengagement of discussions across all areas of the negotiations. The DFA, as modified by the Blair House accord, establishes the basis for long-term movement toward fairer trade for agriculture and would provide immediate benefits for U.S. agriculture.

2. Blair House Accord (BHA) Resolves Several U.S.-EC Trade Disputes: U.S. retaliation against \$300 million of EC agricultural products was prevented by resolution of the longstanding U.S.-EC oilseeds dispute. BHA provides for a reduction in direct payments (subsidies) paid to EC oilseed producers when EC production exceeds an agreed base area, starting in the 1994/95 marketing year crop. U.S. exports of oilseeds and products to the EC in fiscal year 1993 were about \$3 billion. The EC also agreed to return to normal customs procedures for corn gluten feed imports. In exchange for controls over product content, the EC agreed to return outstanding import levies assessed on past corn gluten feed shipments. Currently, corn gluten feed is the second largest agricultural export to the EC (\$766 million). The U.S.-EC malt sprout pellets dispute, a classification problem that arose in Ireland in

mid-1992, was also resolved under the BHA. The Community agreed to refund all variable levies and bonds charged against malt sprout pellets shipments in 1992 and to implement annual zero-duty tariff rate quota (TRQ) of 120,000 metric tons of the product.

3. North American Free Trade Agreement: Extensive outreach efforts throughout the country were carried out as part of the Administration's effort in support of the NAFTA. The Agreement will result in the elimination of all tariff and non-tariff barriers to trade between the U.S. and Mexico. All non-tariff barriers affecting U.S.-Mexico trade in agricultural products, including Mexico's restrictive import licensing regime, will be eliminated immediately upon enactment of the NAFTA and converted to ordinary tariffs or tariff equivalents using tariff rate quotas. By the end of the proposed 15-year transitional period, annual U.S. agricultural exports would likely be \$2.6 billion higher than without NAFTA.

4. U.S.-EC Agreement on Third Country Meat Directive (TCD) Restores Partial Trade of U.S. Red Meat to EC Market: In November 1992, the U.S. and the E.C. signed an agreement which partially reopened the EC market for U.S. red meat. This agreement resolved a longstanding dispute over the eligibility of U.S. red meat slaughterhouses to ship to the EC. During 1993, both sides have made considerable progress in implementing the agreement, resulting in additional U.S. plants being approved to ship to the EC. Equally important, the agreement has facilitated an improved working relationship between the U.S. and EC veterinary services. This has been instrumental in averting potential problems.

5. Korea Agrees to Beef Market Liberalization: After a series of difficult negotiations, agreement was reached extending the 1990 U.S.-Korea beef agreement through 1995. The new agreement provides for a 50 per cent increase in minimum import levels and the doubling of open market purchase minimum levels, outside the Korean Government's controlled beef sector. This agreement dramatically increases market access in the largest U.S. beef export market.

6. Initiative with Korea Results in Dramatic Increase in GATT Notification and Prevents Costly Interruption in U.S. Livestock Products Trade: As part of the recently completed President's Economic Initiative (PEI), Korea increased the transparency and consistency in its preparation and implementation of regulations governing agricultural products and food. For the first nine months of 1993, the Government of Korea (GOK) notified the GATT 24 times of regulatory actions, compared to only 21 times for the previous 12 years. The success of the PEI laid the groundwork for FAS activities that prevented significant interruptions in the trade of beef, offals, and turkey meat due to abrupt changes in Korea's quarantine regulations. PEI and follow-up work also contributed directly to the revision of several of Korea's most oppressive pesticide residue restrictions and helped ensure that recently announced standards are in line with international (CODEX) norms. These actions ensured continued market access for U.S. livestock products.

7. Korea Finally Convinced to Reduce Tariffs on Canned Pork and Alfalfa: Responding to pressure from FAS, Korea removed "emergency" tariff increases on canned pork products that had been in place for the past three years and lowered the duty on all alfalfa products until at least the end of the year.

8. U.S. Wheat to Korea: FAS provided extensive technical information and coordinated the efforts of U.S. Government and industry groups to refute Korean government allegations concerning pesticide contamination of a U.S. wheat shipment to Korea. Through quick action and arrangements for re-testing, the U.S. was able to provide sufficient scientific evidence to reverse the Korean decision that the shipment was

contaminated with the concerned pesticide.

9. Enterprise for the Americas Initiative: Trade discussions were carried out with eleven different countries of Latin America and a "collective group" of Caribbean countries as part of the Enterprise for the Americas Initiative (EAI). These discussions highlighted U.S. agricultural trade interests and concerns with the region (excluding Mexico) which imported over \$3.0 billion of agricultural products from the U.S. in 1992. This process helped solidify productive, mutually beneficial agriculture trade relationships with our trading partners of the Western Hemisphere.

10. U.S. Grape Exports to Mexico: Months of discussions with officials from the Mexican Ministries of Commerce and Agriculture, with respect to licensing restrictions and quarantine requirements, have resulted in the initial opening of the market for U.S. grapes.

11. Vigilance Pays off in Monitoring Access to Israeli Market: Persistent efforts, including a meeting with the Israeli Minister of Agriculture, resulted in the issuance of import licenses for dried fruit and nuts. Representation by FAS and the private industry resulted in the issuance of an import license for frozen french fries to meet the needs of a McDonald's restaurant. The opening of the restaurant was in doubt because of low quality Israeli potato production and the continued ban on frozen french fry imports.

12. Philippine Government Rescinds Efforts to Implement a Corn Price Band: An aggressive effort on the part of FAS resulted in the Philippine Government rescinding its proposal to protect corn producers via a price band mechanism and thereby ensuring continued market access to the Philippine market for U.S. corn.

13. East European Trade Liberalization Moves Forward: GATT Article 28 negotiations secured important tariff concessions for U.S. agricultural exports to the Czech and Slovak Republics. An expanded tariff request for Poland's GATT re-accession negotiations could eventually provide improved market access for U.S. agricultural exports. Important tariff concessions for U.S. corn and wheat exports to Slovenia were obtained through the GATT accession negotiations.

14. Potatoes to Russia: FAS led a delegation of potato industry representatives to Russia, to address phytosanitary restrictions. The visit culminated in the signing of an agreement between the U.S. potato industry and Russian quarantine authorities that permit the entry of U.S. potatoes and potato products.

15. Colombian Grain Phytosanitary Requirements: Through a series of meetings and requests to the Government of Colombia, FAS has successfully secured temporary waivers from newly issued phytosanitary requirements for U.S. grains imported to Colombia. These requirements are unduly restrictive and Colombian concerns can be addressed by other action.

16. Poultry to Colombia: Following bilateral consultations and FAS diplomatic pressure, the Government of Colombia lifted its import ban on U.S. poultry and poultry products. The ban was originally imposed due to an isolated case of non-pathogenic avian influenza in the U.S. Colombia's annual inspection and certification requirement which effectively prohibited all meat and poultry meat imports into Colombia was reversed. As a result, meat, poultry meat, poultry breeder stock and eggs can now enter the Colombian market without undue trade restrictions.

INTERNATIONAL COOPERATION AND DEVELOPMENT

The International Cooperation and Development (ICD) program area manages the U.S. Department of Agriculture's programs and activities in overseas agricultural cooperation and development. These activities are carried out in cooperation with other Federal agencies, foreign nations, international agencies, universities, groups from the agricultural industry and other elements of the private sector. Funding for these activities reflects this diversity, with costs paid through reimbursements from the Agency for International Development (AID) and international organizations, universities, and other USDA agencies, as well as through appropriations and trust funds.

INTERNATIONAL SCIENTIFIC AND TECHNICAL COOPERATION

Current Activities: Seeking new knowledge and technology to benefit the United States and cooperating countries through research on food, agriculture, and forestry.

Managing international agricultural research programs to promote scientific cooperation among Federal agencies, American colleges and universities, and foreign research agencies and institutions.

Serving as the focal point for USDA's foreign agricultural research programs, securing the most qualified American scientists available for project collaboration, administering bilateral and multilateral research programs, and ensuring mutual benefit of research results to the United States and cooperating countries.

Managing USDA's role in: Scientific and technical exchanges of scientists, technicians, and agriculturalists on a bilateral basis with many countries. Special emphasis is on China, the former Soviet Union, Eastern European countries, Ireland, Venezuela and Mexico.

The Tri-national Program, which promotes agricultural cooperation among Egypt, Israel, and the United States, and the acceleration of agricultural development in Israel and Egypt.

Binational Collaborative Research, which enables American researchers to collaborate with researchers in developed and developing countries to investigate high priority American agricultural problems and to promote U.S. partnerships with foreign countries on agricultural problems of mutual concern.

BARD, the United States-Israel Binational Agricultural Research and Development Fund, supporting research of mutual benefit to both countries. Projects are supported with the proceeds of a special \$110 million endowment, each country having contributed \$40 million in 1978 and \$15 million in 1984.

Managing the U.S. Department of Agriculture's role in approximately 30 international organizations and consultative committees concerned with global food and agricultural systems and the environment, such as:

- the Food and Agriculture Organization of the United Nations,
- the World Food Program,

- the Inter-American Institute for Cooperation on Agriculture,
- the Organization for Economic Cooperation and Development,
- the United Nations regional Economic Commissions.

Selected examples of recent progress:

1. Ireland. A multidimensional program of activities is administered in cooperation with Ireland. The purpose of the U.S.-Ireland program is to encourage the exchange of information and people between the U.S. and Ireland in agricultural science and technology and agribusiness. Program elements include short-term scientific exchanges, long-term collaborative research, special workshops, agribusiness opportunity missions, and the Graduate Agribusiness Associates Internship Program.

As major livestock and dairy producers, the U.S. and Ireland have a common interest in preventing and controlling animal diseases. Joint work has led to advances in fighting tick-borne diseases, bovine tuberculosis and paratuberculosis, and diseases that can be transmitted from animals to humans.

During a short-term exchange with Ireland, U.S. researchers learned how to use a computer to monitor the terrain covered by a grazing animal to measure the amount of forage consumed. This is helpful in developing optimum grazing schedules and in enhancing sustainable agricultural systems for small livestock producers in the U.S.

Both sides are cooperating in the field of biotechnology to solve disease problems in fish and shellfish aquaculture.

2. China and Mongolia. Twenty teams of scientists, ten from the U.S. and ten from China, took part in exchanges under the scientific and technical exchange agreement signed between USDA and the Chinese Ministry of Agriculture. Three U.S. teams evaluated and collected grass germplasm for forage and turf applications in the U.S., and another team collected parasitic wasps for biological control of the filth fly in U.S. livestock operations.

Reciprocal visits of U.S. and Chinese scientists produced a more effective exchange of information and expertise.

3. Mexico. In 1993, collaborative research projects between the U.S. and Mexico were funded in integrated watershed management and bovine tuberculosis. Scientific exchanges were conducted in utilization of agricultural wastes and the measurement of the strength of compacted soils.

4. Egypt-Israel-U.S. (Tri-national Program). Tri-national projects are funded by USAID's Middle East Regional Cooperation Program in Support of the Israeli-Arab Peace Process. Activities include research and development efforts in horticultural crops and in diseases of livestock. Recent accomplishments include the second workshop of the animal health (TAHRP) project, held in Egypt in June 1993.

Many Israeli scientists and managers who provided consulting services and on-site training in Egypt were well received by the Egyptians. More than 100 Egyptian staff and farmers have visited Israel for training. Recognition of the value of this training is exemplified by an Egyptian plan for training 34,000 college graduates from rural areas, including a

proposal for training 1,700 in Israel.

5. Egypt - National Agricultural Research Project (NARP). The Collaborative Research Component of the National Agricultural Research Project sponsors agricultural research of mutual benefit to the U.S. and Egypt.

Currently we have 28 research projects, with research being conducted in both the U.S. and Egypt on integrated pest management, remote sensing, animal health, computer expert systems, genetic engineering, food consumption patterns and post-harvest technology. Funding averages \$600,000 per project.

6. International Agricultural Research Centers (IARCs). Two ongoing USAID-funded activities, the International Agricultural Research Centers (IARCs) and the Scientific Liaison Officers (SLOs) provide a coordinated approach to increase linkages between the U.S. scientific community and the IARCs. In 1993, approximately 12 visits were made by Scientific Liaison Officers to the IARCs and related research sites. Four graduate students working on research at the IARCs were supported through the National Committee for International Science and Education (NCISE) Pilot Linkages Program (PLP). The PLP is an effort to match the needs of the IARCs for specific research with U.S. scientists' desires to collaborate internationally.

7. Support for Eastern European Democracies (SEED) Act. Projects to introduce current technologies for environmentally sustainable agricultural management to Central and Eastern European countries are being carried out with funding made available by the Support for East European Democracy (SEED) Act. This program helps to reduce the affects of pollution from past centralized industrial, mining, and agricultural activities while supporting economic development in these countries. The program is also providing policy support to instill efficient and sustainable agricultural practices.

In Bulgaria, USDA and Bulgarian scientists developed the scientific basis for the reduction of arsenic toxicity in rice grown in the Topolnitza irrigation district, with savings in excess of \$1,000,000 for Bulgaria.

Two exceptionally well-qualified Bulgarian scientists from the Ministries of Health and Agriculture have received training in the United States to use the sophisticated laboratory equipment required to perform controlled, highly reliable analyses of contaminated soil, water, plants, and animal tissue. USDA provided the Ministry of Agriculture with a package of U.S.-made laboratory instruments. This advanced equipment will allow the cooperating Ministries to build the scientific data basis for sound national environmental policy; develop strategies to manage and reclaim contaminated soil and water resources; develop the environmental basis for the privatization of agricultural land; develop methods to assure that export-market crops meet international trading standards and requirements; and select alternative crops that do not accumulate toxic levels of heavy metals when grown on contaminated soils.

8. Associate Professional Officers (APO). Three new APOs were recruited and posted under the APO Program during 1993. Two were assigned to the Food and Agricultural Organization in Rome – one as a coordinator of follow-up activities growing out of the International Conference on Nutrition, and the second to an FAO Women in Development Project based in Cairo, Egypt. The third APO was assigned to the International Fund for Agricultural Development (IFAD) as an agribusiness project officer for the Latin American Region.

INTERNATIONAL AGRICULTURAL DEVELOPMENT

Current Activities: USDA's objective in this area is to contribute to the establishment of an efficient world agricultural system in which production, marketing, and trade occur at levels sufficient to provide adequate food and fiber for all people. Activities include:

- Planning, managing, and evaluating of USDA's policies and programs related to agricultural cooperation and development throughout the world;
- Technical assistance and training;
- Promotion of private sector involvement in agricultural development, notably in the Caribbean Basin; and
- Support for the development of countries into stronger trading partners for American goods and services.

In 1993, 237 reimbursable agreements were entered into with other USDA agencies, utilizing the Department's expertise on short and long-term technical assistance missions. ICD has 5 individuals on resident assignments overseas and provides administrative support for numerous other individuals posted overseas from other agencies.

Selected examples of recent progress:

1. Reimbursable Programs:

Saudi Arabia - National Agriculture and Water Research Center. In this project, sponsored by the Saudi Arabian-United States Joint Commission on Economic Cooperation, USDA is assisting the Saudi Ministry of Agriculture and Water to enhance its capability in science and technology. Two USDA scientists are working with the Saudi National Agriculture and Water Research Center as senior scientists. As mentors to the Saudi researchers, they are providing on-the-job training to their counterparts. Saudi research staff are also being sent to research centers in the United States for internships of up to one year in length.

Soil Conservation Project in Mexico. Since 1983, USDA has located a team of Soil Conservation Service (SCS) employees at the Mexican Institute of Water Technology in Cuernavaca, Morelos, Mexico under the World Bank funded PRODERITH Project. The team now has a full contingent of six resident employees.

The project originally had the objective of improving agriculture in the humid tropics of southern Mexico, focused primarily on drainage issues. Removing excess moisture from large areas of land has brought valuable agricultural land into production.

Currently the scope of the team has been expanded to include assistance to non-project areas where irrigation and on-farm water usage issues are paramount. The team has also been asked by their Mexican counterparts to assist in the design of a new, large World Bank-funded project focusing on assistance to 21 water districts located primarily in northern Mexico.

USDA is working with Mexican officials to use project funds to finance collaborative research with ARS Research Entomologists on biological control of water weeds using insects. Additional significant work is being considered in technology transfer activities

focusing on soil salinity assessment systems.

Regional Environmental and Natural Resources Management Project (RENARM).

This agreement with AID's Regional Office for Central American Programs (ROCAP) provides USDA and other federal agency technical assistance, training and program support to ROCAP activities. The principal components of the RENARM Project are natural resource policy initiatives and technical support; environmental education and biodiversity conservation; sustainable agriculture and forestry; and institutional development.

The Trade and Investment Program (TIP).

The Trade and Investment Program works to enhance private sector agricultural activities between the U.S. and the countries of Latin America and the Caribbean, Africa, Eastern Europe, the Near East, and Asia.

Six Agricultural Marketing Seminars attended by over 500 individuals were conducted by TIP staff in Bulgaria, the Czech and Slovak Republics, Poland, Venezuela and the Asian region. Two TIP workshops included small agribusiness exhibits which promoted sales of U.S. agricultural products and services.

In 1993, "Agribusiness Opportunity Missions" were conducted in Belize, Hungary and Poland. U.S. agribusiness representatives met with foreign counterparts matched prior to departure, resulting in three or four business arrangements per mission. U.S. companies developed opportunities to sell U.S. food, breeding materials, and food processing equipment and develop profitable arrangements for importing food and wood products.

Training. During 1993, 277 participants from 49 countries were trained in 25 technical courses. Overseas, two training programs were organized and implemented in Uganda, one program in Nigeria and one in Guatemala with total participation of approximately 100 participants.

2. Cochran Fellowship Program (CFP):

The objective of the Cochran Fellowship Program is to provide high quality training for senior and mid-level specialists, managers, technicians, agribusiness staff, and policy officials from middle-income countries and emerging democracies to assist in developing the agricultural systems necessary to meet the food needs of their domestic populations. The program also strengthens and enhances trade linkages between the countries and agricultural interests in the United States.

In fiscal year 1993, 631 Cochran Program fellows from 33 countries participated in agricultural and agribusiness training in the U.S. The participants were identified in their respective countries with the cooperation of FAS Agricultural Attaches and Trade Officers and U.S. agricultural commodity trade promotion groups. Participants were selected from the private sector, as well as from the public sector and universities.

Some of the results of the program include:

- ** A Hong Kong supermarket chain imported over 40 container loads of U.S. high-value agricultural products as a result of the 1992 Supermarket Management Training Program. A similar program was arranged in 1993 for over 60 Asian fellows from China, Hong Kong, Singapore, Thailand, and Malaysia.
- ** Two Colombian Fellows who participated in a 1991 Agribusiness Training program recently reported that their newly-formed trading company had

imported over \$26 million worth of U.S. agricultural commodities into Colombia.

- ** Cochran Fellows from Poland, Hungary, the Czech Republic, Slovakia, and Bulgaria report that their training programs gave them an understanding of free market agriculture, the skill and confidence to embark on private business ventures, and numerous contacts with U.S. agribusinesses. The latter has resulted in sales of U.S. feed and food grain, livestock products, seeds, livestock genetic materials, agricultural equipment and wood products.**

FOREIGN AGRICULTURAL SERVICE

The estimates include appropriation language for this item as follows (deleted language enclosed in bracket):

[Scientific Activities Overseas (Foreign Currency Program)]

[For payments in foreign currencies owed to or owned by the United States for research activities authorized by section 104(c)(7) of the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1704(c)(7)), not to exceed \$1,062,000: Provided, That not to exceed \$25,000 of these funds shall be available for payments in foreign currencies for expenses of employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), as amended by 5 U.S.C. 3109.]

This change deletes the language providing for the continuation of this program, with an obligation limitation, since the 1995 budget proposes no new funding for the program. Research projects already underway will continue until completed.

EXPLANATION OF PROGRAM

Authorized by P. L. 480 as amended, USDA uses foreign currencies to support research on problems of mutual interest to the United States and participating foreign countries.

Research is conducted abroad through grants negotiated with foreign institutions. Project selection is based on relevance to U.S. agricultural concerns: for example, preventing the incursion of animal diseases or insect pests into American agriculture; or developing plants that are more productive, drought tolerant, or disease resistant. The research also develops markets for American agricultural products and equipment, adds to our knowledge of the environment and cuts the costs of valuable research.

FAS represents USDA in this activity, with funds allotted as intergovernmental fund transfers when grant awards are obligated for research in foreign countries.

No foreign currencies, were made available under the provisions of 7 U.S.C. 1704(c)(7), as amended, in 1994, and none are to be made available in 1995. Projects which began in 1991 and earlier will continue until completed.

PASSENGER MOTOR VEHICLES

The 1994 Budget Estimates propose the purchase of three replacement passenger motor vehicles. Passenger motor vehicles belonging to FAS are used exclusively by the Agricultural Officers at overseas posts in an official capacity. The officer travels extensively throughout the countries assigned, gathering agricultural data. Embassy motor pool vehicles are not readily available for field use.

Replacement of Passenger Motor Vehicles. Replacement of three passenger motor vehicles is proposed. The vehicles proposed for replacement will meet replacement standards. All vehicles proposed for replacement have a mileage of more than 60,000 and are more than 6 years of age.

Age and mileage data for passenger motor vehicles on hand as of September 30, 1993, are as follows:

<u>Age-Year Model</u>	<u>Age Data</u>		<u>Lifetime Mileage</u> (thousands)	<u>Mileage Data</u>	
	<u>Number of Vehicles</u>	<u>Percent of Total</u>		<u>Number of Vehicles</u>	<u>Percent of Total</u>
1988 or older	12	40	80-100	2	7
1989	3	10	60-80	2	7
1990	8	27	40-60	2	7
1991	2	7	20-40	13	43
1992	4	13	Under 20	<u>11</u>	<u>36</u>
1993	<u>1</u>	<u>3</u>	Total	30	100
Total	30	100			

GENERAL SALES MANAGER

Available Funds, 1994	\$9,158,000
Budget Estimate, 1995	9,181,000
Increase in Available Funds	<u>23,000</u>

SUMMARY OF INCREASES AND DECREASES

(On basis of appropriation)

<u>Item of Change</u>	<u>1994 Estimated</u>	<u>Pay Cost</u>	<u>Program Changes</u>	<u>1995 Estimated</u>
General Sales Manager	\$9,158,000	\$89,000	(\$66,000)	\$9,181,000

PROJECT STATEMENT

(On basis of appropriation)

(Dollars in Thousands)

	<u>1993 Estimated</u>		<u>1994 Estimated</u>		<u>Increase or Decrease</u>	<u>1995 Estimated</u>	
	<u>Amount</u>	<u>Staff- Years</u>	<u>Amount</u>	<u>Staff- Years</u>		<u>Amount</u>	<u>Staff- Years</u>
General Sales Manager:							
Transfer from CCC	\$4,668,000	46	\$4,866,000	46	(4,866,000)	--	--
Direct Appropriation	--	--	--	--	4,820,000	\$4,820,000	45
Administrative Expenses							
Contained in Other							
Accounts:							
CCC Loans Program							
Account	2,731,000	51	2,792,000	51	45,000	2,837,000	51
P.L. 480 Program							
Account	1,467,000	48	1,500,000	48	24,000	1,524,000	48
Total, OGSM	8,866,000	145	9,158,000	145	23,000 (1)	9,181,000	144

EXPLANATION OF PROGRAM

GENERAL SALES MANAGER - Established pursuant to Section 5(f) of the Charter Act of the Commodity Credit Corporation and 15 U.S.C. 714-714p. The funds allocated are used for conducting the following programs:

- (1) CCC Export Credit Guarantee Program (GSM-102), (2) Intermediate Credit Guarantee Program (GSM-103), (3) Export Enhancement Program, (4) Market Promotion Program, (5) Public Law 480, (6) Section 416(b) Overseas Donations, (7) Food for Progress, (8) Dairy Export Incentive Program, (9) Sunflowerseed Oil Assistance Program, (10) Cottonseed Oil Assistance Program, and (11) programs authorized by the Commodity Credit Corporation Charter Act including barter, export sales of CCC-owned commodities, export payments and other programs as assigned to encourage or cause the export of U.S. agricultural commodities.

REVIEWS IN PROGRESS DURING FY 1994

GAO Reviews

Code 472319	Support Provided by AID and Other Agencies to Establish Export Processing Zones in Developing Countries	Review of program administration
Code 280012	Foreign and Multinational Firms Receiving Federal Funds for Agricultural Export Promotion Programs	Review of program administration
Code 280007	Impact of PL 480 Title I Assistance on Agricultural Development and Agricultural Trade Development	Review of program effectiveness
Code 483637	Review of the Requests for U.S. Food Exports to the Commonwealth of Independent States (CIS)	Review of program effectiveness
Code 150036	Review of USDA's Rice Program Policies	Review of program policies
Code 280036	1990 Farm Bill Requirements on USDA Export Programs	Review of program administration
Code 472314	Review of Credit Reform in International Affairs Account	Review of program management
Code 280053	Export Promotion in the Pacific Rim	Review of program management
Code 150907	Review of Congressionally Authorized Agricultural Research and Promotion (Check-Off) Programs	Review of program management
Code 472263	Review of the World Food Program	Review of trade opportunities
Code 280067	Cargo Preference As It Relates to Food Aid Programs	Review of program management
Code 344485	Transportation Costs to the Federal Government of Shipping Cargo on U.S.-Flag Vessels	Review of program administration
Code 711029	Coordination of U.S. Assistance to the Newly Independent States (NIS) of the Former Soviet Union	Review of program administration

OIG Audits

07099-30-Hy	J Aron & Co. Export Operations Under FAS Programs	Review of program administration
50099-77-Hy	Foreign Debt Management	Review of program administration
07020-6-Hy	Survey of PL 480 Title I Shipping Agents	Survey of program administration
07050-1-Hy	Humanitarian Food Aid to Poland	Review of program administration
07099-31-Hy	PL 480, Title I/III Program Forgiveness	Review of program administration
03600-15-Fm	CCC FY 93 Financial Statements	Review of program management
50800-1-Hq	Evaluation of Controls Over Food Aid to the Newly Independent States	Review of program management
07001-2-Hy	Price Review of GSM 102/103 Transactions	Review of program management
07099-2-At	FAS GSM 102/103 Tobacco Sales	Review of program management

REVIEWS COMPLETED DURING FY 1993

GAO Reviews

Code 483599	Review of Fraud and Abuse in the GSM 102/103 Programs	Review of program management
Code 472271	Assessment of U.S. Participation in the International Fund for Agricultural Development	Review of program effectiveness
Code 483618	Assessment of U.S. Guaranteed Agricultural Exports to the Soviet Union	Review of program management
Code 472277	U.S. Economic and Military Assistance to Kenya	Review of program administration
Code 150903	Review of the Effect of Including more High Value Products in the Export Promotion Programs	Review of program administration
Code 472288	Review of Emergency and Private Voluntary Organization Food Programs Under PL 480 Title II	Review of program effectiveness
Code 472289	Review of Emergency and Private Voluntary Organization Food Programs Under PL 480 Title III	Review of program effectiveness
Code 472285	Survey of Assistance to the Republics of the Commonwealth of Independent States (CIS)	Survey of program administration
Code 344472	Survey of Maritime Assessments	Survey of program administration
Code 150040	Interim Review of 1995 Farm Bill	Forward planning
Code 280025	Study of CCC's Export Loan Guarantee Programs	Review of program administration

Code 711004	Review of Government-funded Programs Aimed at Democratic Development	Review of program administration
----------------	--	----------------------------------

Code 280066	Former Soviet Union: Agricultural Reform and Food Situation in its Successor States	Review of program administration
----------------	---	----------------------------------

OIG Audits

07099-29-Hy	Expanded GSM Pricing Review	Review of program administration
-------------	-----------------------------	----------------------------------

03600-11-Fm	Audit of CCC fiscal year 1992 Financial Statements	Review of program administration
-------------	---	----------------------------------

50099-78-Hy	Survey of USDA Support to CIS	Review of program administration
-------------	-------------------------------	----------------------------------

JUSTIFICATION OF INCREASES AND DECREASES

1. A net increase of \$23,000 for the Office of the General Sales Manager (\$9,158,000 available in fiscal year 1994) consisting of:

- (a) An increase of \$89,000 for fiscal year 1995 pay costs.
- (b) An increase of \$19,000 for domestic inflation.
- (c) A decrease of \$85,000 and one staff-year for administrative efficiency and to meet targets established for the reduction of Federal employment.

Need for Change: In support of the President's Executive Order to promote the efficient use of resources for administrative purposes, USDA is committed to reducing administrative costs.

Nature of Change: In order to achieve these savings, GSM will reduce discretionary expenses by \$85,000 in fiscal year 1995, by the elimination of one staff-year and reducing spending in such areas as travel, training and equipment.

General Sales Manager
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1993 and Estimated 1994 and 1995

	1993		1994		1995	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
District of Columbia	8,866,000	145	9,158,000	145	9,181,000	144
Total Available or Estimate	8,866,000	145	9,158,000	145	9,181,000	144

OFFICE OF THE GENERAL SALES MANAGER

STATUS OF PROGRAM

COMMERCIAL EXPORT PROGRAMS

Within the provisions of the Commodity Credit Corporation (CCC) Charter Act, the General Sales Manager has authority to make sales for export from CCC stocks and to develop and administer programs supporting agricultural commodity exports. In addition, the Agricultural Trade Act of 1978, as amended by the Food, Agriculture, Conservation, and Trade Act of 1990 (FACT Act) provides further authorities for export promotion programs. In fiscal year 1993, the Export Credit Guarantee Program (GSM-102), the Intermediate Term Export Credit Guarantee Program (GSM-103), and the Export Enhancement Program (GSM-500) continued as the primary vehicles for supporting commercial agricultural exports. Commercial export programs significantly contributed to the exportation of U.S. agricultural commodities during fiscal year 1993 with an estimated export sales value of over \$6 billion.

1. CCC Export Credit Guarantee Programs (GSM-102) and (GSM-103).

The GSM-102 program helps U.S. exporters of agricultural commodities and products by facilitating extension of private commercial credit with repayment periods of up to three years. By providing a U.S. Government guarantee on substantially all of the private financing, this CCC program encourages U.S. lenders (typically commercial banks) to extend credit which is used by overseas customers to pay U.S. exporters. The Agricultural Trade Act of 1978, as amended, provides that not less than \$5.0 billion in GSM-102 guarantees be made available annually; section 1542(a) of the FACT Act further provides that not less than \$1.0 billion in guarantees be available for emerging democracies during fiscal years 1991 through 1995.

In fiscal year 1993, GSM-102 export credit guarantees announced totaled \$4.6 billion and sales registrations totaled \$3.6 billion for 35 countries. Countries with the highest levels of credit sales registrations included: Mexico, Algeria, Korea and Russia.

The GSM-103 program provides guarantees on financing of more than three and up to 10 years, and is designed to help nations make the transition from concessional to cash sales. During fiscal year 1993, \$318 million of GSM-103 credit guarantees were announced and sales registrations totaled \$239 million. Wheat, feed grains, and livestock were the principal commodity groups included in the program.

Significant accomplishments were recorded in key regions as follows:

--Private Sector GSM Programs - In fiscal year 1993, USDA promoted private sector GSM-102 programs in Eastern Europe and in Africa. Rather than guarantee sales through the recipient government, the risk of the private sector was assessed and determined worthy of supporting these private sector programs. New GSM-102 private sector programs were developed in the Czech Republic (\$25 million), Cote d'Ivoire (\$6 million), Estonia (\$5 million), Gabon (\$1.5 million), Slovenia (\$13 million) and Uzbekistan (\$15 million). Private sector programs were continued for a second year in Ghana, Hungary and Namibia.

--Asia and the Middle East - In this major growth market, USDA announced GSM-102/103 coverage for 10 countries totaling \$1.4 billion. This coverage supported the newly privatized wheat flour market in Egypt, expanded market opportunities for high value products in Indonesia, and introduced U.S. breeder livestock in the Philippines. The

Egyptian GSM-102 program supported \$60 million in private sector wheat flour and feed grains sales and, due to this beginning, the private sector program will be expanded. The commodity mix under the \$132 million Indonesian GSM-102 program was expanded to include high value commodities such as frozen meat and poultry, potatoes, and hides and skins. Under the \$8 million Philippine GSM-103 program, U.S. exporters successfully sold beef cattle, water buffalo and horses.

—North Africa - In Algeria the fiscal year 1993 availability of GSM-102 credit guarantees allowed U.S. exporters of vegetable oil to sell approximately \$85 million to Algeria. The U.S. is now Algeria's largest supplier of vegetable oil and Algeria has become the largest buyer of U.S. vegetable oil in the world. In addition, with over \$100 million in GSM-102 credit guarantees available in fiscal year 1993, Algeria was the largest buyer of U.S. dairy products under the DEIP program. In response to requests from U.S. wheat exporters during January 1993 for expanded GSM-103 credit guarantees to Morocco, USDA allocated an additional \$60 million for wheat. This quick action resulted in sales of an additional 500,000 MT of U.S. wheat to Morocco.

—Latin America and the Caribbean - USDA announced fiscal year 1993 GSM-102 programs for nine countries in the Western Hemisphere valued at over \$1.9 billion with sales registrations totaling almost \$1.6 billion. Mexico's GSM-102 program generated more than \$1.3 billion in sales registrations of U.S. agricultural commodities or 36 percent of total registrations under the GSM-102 program. In support of on-going market development efforts, a new \$5.0 million GSM-102 program for Bolivia was announced allocating credit guarantees for purchases of wheat, planting seeds and pulses.

2. Export Enhancement Program. The \$967 million in bonuses awarded to exporters to expand U.S. exports in fiscal year 1993 was the third highest amount on record. The sales value of all bulk and value added commodities exported under this program totaled an estimated \$3.1 billion. This program supported record export tonnages of wheat flour (757,000 MT) and eggs (46 million dozen). Wheat (21.6 million MT), vegetable oil (373,000 MT) and barley malt (55,000 MT) scored the second highest tonnage levels since the program was initiated in fiscal year 1985. The structure of the Export Enhancement Program (EEP) and other export assistance programs (DEIP, SOAP and COAP) were modified to facilitate exports using compensatory forms of trade. This action resulted in exports of over two million metric tons of agricultural commodities to the former Soviet Union without the support of CCC export credit guarantees. In managing the EEP program, over 1,600 applications for export were approved by USDA staff.

3. Dairy Export Incentive Program. Sales of U.S. dairy products under the Dairy Export Incentive Program fiscal year 1993 totaled 187,000 metric tons of milk powder, butterfat, and Cheddar, Mozzarella, and processed American cheeses, up more than 108,000 metric tons from fiscal year 1992. The value of the bonuses totaled \$162 million. Key markets reached by this program in fiscal year 1993 were Algeria, Mexico, Colombia, and Saudi Arabia.

FOOD AID PROGRAMS

(Public Law 480, Section 416(b) and Food for Progress)

The administration of United States food aid programs is shared by the USDA and the Agency for International Development (A.I.D.) in providing assistance to needy people in over 90 countries around the world. Under the P.L. 480 Program, section 416(b) of the Agricultural Act of 1949 and the Food for Progress Program, food aid programmed during

fiscal year 1993 totalled over 13 million metric tons with a commodity value of \$2.5 billion. This funding level represented an historic high, reflecting expansion of urgently needed food aid to the Newly Independent States (NIS) of the former Soviet Union , eastern Europe and Africa.

1. P.L. 480 Title I, Section 416(b) and Food for Progress. These USDA-administered programs provided food aid to 56 countries during fiscal year 1993, compared with 49 countries during the previous fiscal year. The value of commodities provided under the Title I long-term concessional sales program totaled about \$330 million. The value of commodities donated under section 416(b) of the Agricultural Act of 1949 including contributions to the World Food Program, totaled nearly \$450 million, up about 50 percent from the previous year's level. The Food for Progress Program provided commodities with a value of about \$992 million, compared with \$127 million in fiscal year 1992, to support countries making commitments to introduce or expand free enterprise elements in their agricultural sector.

The major focus of USDA administered programs in fiscal year 1993 was as follows:

-- Food Assistance to the NIS - During fiscal year 1993, USDA provided approximately 7 million tons of commodities worth about \$1.3 billion to the NIS. This assistance was provided on a government-to-government basis and through private voluntary organizations to meet critical food needs due in part to the breakdown of inter-republic trade in the former Soviet Union.

In response to food needs in Russia and the absence of USDA's commercial credit guarantee program, President Clinton announced a \$700 million program of grant food aid and concessional credit sales to Russia under the Food for Progress authority. Commodities provided included corn, soybean meal, wheat, vegetable oil, chicken, peanuts, rice, sugar and butter.

In fiscal year 1993, USDA also provided over 423,000 metric tons of food and related transportation assistance worth approximately \$100 million to Georgia and over 255,000 metric tons worth approximately \$112 million to Armenia. Both of these countries experienced a critical shortage of foodstuffs in 1993. Without the heavy USDA programming in Armenia, there could have been significant starvation given the deteriorating economic and political situation.

-- Bulgaria - In fiscal year 1993, USDA programmed \$15 million under P.L. 480, Title I to Bulgaria. USDA developed this program in response to requests from the Bulgarian government. Bulgaria experienced a severe drought in 1993 which resulted in a sharp decrease in production.

-- El Salvador - Funds generated from EL Salvador's \$33 million P.L. 480 Title I agreement were used in conjunction with other international donor funds for land reform projects as part of the negotiated peace initiative signed with the Farabundo Marti National Liberation Front (FMLN).

-- The Philippines - The Philippines' Title I agreement supported development of the country's livestock sector and continued to leverage additional purchases of U.S. feed grains and protein meals. The proceeds under the fiscal 1993 agreement will support livestock development projects including the import of an estimated \$7 million worth of breeder livestock for which the U.S. is expected to be the principal supplier. Development of the livestock industry will increase long-term demand for U.S. feed grains and soybean

meal. The soybean meal provided under the Title I program for fiscal years 1990-1993 introduced high protein meal to Philippine end users. As a result, U.S. market share of total Philippine soybean meal imports rose from 30 percent to 52 percent during the same period. The increase is mostly accounted for by increased commercial purchases of U.S. high protein meal. Prior to the Title I soybean meal program, most Philippine end users were familiar only with cheaper low protein meal sources from India, China and Brazil.

--Egypt - As a result of the introduction of U.S. sorghum under the fiscal year 1991 section 416(b) agreement, the Government of Egypt has advised USDA that it plans to tender commercially for 30,000-50,000 MT of U.S. sorghum and barley. While there was an initial reluctance to use sorghum in Egyptian feed formulations, a coordinated promotion effort with the U.S. Feed Grains Council resulted in the plans to purchase and open a significant new market.

2. P.L. 480 Title II and Title III. The P.L. 480 Title II donations program administered by A.I.D. provided for regular feeding programs as well as urgent humanitarian food aid for dire emergencies in Africa and other regions of the world. Commodities with a value of over \$500 million were distributed to needy people in over 55 countries. This program is carried out primarily through private voluntary agencies, nonprofit organizations and cooperatives as well as the World Food Program of the United Nations. In addition, the Title III grant food aid program provided commodities worth approximately \$230 million to promote economic development in the least developed countries.

AGRICULTURAL TECHNICAL ASSISTANCE

In fiscal year 1993 the USDA continued to implement agricultural technical assistance projects in the Newly Independent States (NIS) of the Former Soviet Union, eastern Europe and Latin America.

1. Emerging Democracies Program - The \$10 million available for the Emerging Democracies Program authorized by section 1542(d) of the Food, Agriculture, Conservation, and Trade Act of 1990 was fully committed during fiscal year 1993, with about 70 percent of the funds obligated to projects in the NIS. The projects focused on improving market efficiency by supporting the development of market information systems and training in the operation of price directed markets.

2. Agricultural Training Fellowships - Approximately 200 agricultural fellows have arrived in the US from NIS countries for training in areas as diverse as grain marketing and bakery and confectionery management.

3. Russia Commodity Exchange Project - Approximately 500,000 metric tons of wheat, 200,000 metric tons of corn and 100,000 metric tons of rice provided to Russia under the Food for Progress and section 416(b) were sold through commodity exchanges in Moscow and Saratov. The purpose of these projects was to assist commodity exchanges gain experience in moving towards economically viable private operations. This effort will be broadened throughout Russia.

4. Joint Commission - US efforts were initiated to develop a Joint US - Russia Commission for the purpose of using the proceeds from monetized food aid to fund local agricultural and market development projects. This concept is also being considered in Belarus, Ukraine and elsewhere.

FARMERS HOME ADMINISTRATION/RURAL DEVELOPMENT ADMINISTRATION

Purpose Statement

The Farmers Home Administration was established November 1, 1946, by the Farmers Home Administration Act of 1946. Farmers Home Administration's program activities include:

FARMER PROGRAMS:

Farm ownership loans - are made to farmers and ranchers who are or will be owner operators of a not-larger-than-family-size farm and who cannot obtain credit elsewhere to improve or acquire farms, refinance debts, finance non-farm enterprises, or make additions to farms. The interest rate for direct loans is determined by the Secretary of Agriculture and does not exceed the cost-of-money to the Government, plus up to 1 percent additional. However, loans to limited resource borrowers bear interest of not more than one-half of the Treasury rate for marketable obligations with maturities of 5 years, plus not more than 1 percentage point, with a minimum floor of 5 percent. The applicable interest rate is increased by 2 percent if the project being financed involves the use of prime farmland for non-farm purposes. The interest rate for guaranteed loans is negotiated by the lender and borrower. FmHA may subsidize the rates on guaranteed loans up to 4 percent, depending upon borrower needs under the Interest Assistance program as provided in the Agricultural Credit Act of 1987 and the Omnibus Budget Reconciliation Act of 1990. The term for farm ownership loans may be up to 40 years when the longer term is necessary. The Agricultural Credit Improvement Act of 1992, Public Law 102-554, dated October 28, 1992 established the down payment loan program under which loans are made to qualified beginning farmers and ranchers for down payments on farm ownership loans.

Operating loans - provide short-to-intermediate term production or chattel credit to farmers who are or will be the operators of a not-larger-than-family-size farm and who cannot obtain credit elsewhere. Loan terms include a repayment period not to exceed 7 years but may be rescheduled for up to 15 additional years. The interest rate for direct loans is determined by the Secretary of Agriculture and does not exceed the cost-of-money to the Government, plus up to 1 percent additional. However, loans to limited resource borrowers bear interest of not more than one-half of the Treasury rate for marketable obligations with maturities of 5 years plus not more than 1 percentage point, with a minimum floor of 5 percent. The interest rate is increased by 2 percent if the project being financed involves the use of prime farmland for non-farm purposes. The interest rate for guaranteed loans is negotiated by the lender and borrower. FmHA may subsidize the rates on guaranteed loans up to 4 percent, depending upon borrower needs. The Interest Assistance program is available to borrowers as a major loan restructuring provision of the Agricultural Credit Act of 1987 and the Omnibus Budget Reconciliation Act of 1990. The Agricultural Credit Improvement Act of 1992, Public Law 102-554, dated October 28, 1992 established special assistance to qualified beginning farmers and ranchers to enable them to conduct viable farming and ranching operations.

Emergency disaster loans - are made to farmers in counties declared as emergency disaster areas or in contiguous counties to restore production. Family farmers who cannot get credit elsewhere are eligible for actual loss loans of up to \$500,000 per disaster at a rate of 4.5 percent. Repayment terms for actual loss loans vary according to the purposes of the loan, type of collateral available to secure the loan, and the projected repayment ability of the borrower. Loans for actual production or physical losses to crops, livestock, supplies and equipment may be scheduled for repayment for up to seven years. Under some conditions a longer repayment period may be authorized for production loss loans, but not to exceed 20 years. Generally, real estate will be needed as security when more than seven years is authorized. Loss loans for actual losses to real estate will generally be scheduled for repayment within 30 years but under some conditions may be scheduled for up to 40 years.

Soil and water loans - are made to farmers, ranchers and non-operator owners for land and water development, use, and conservation. Loans are repayable in not more than 40 years. The interest rate for direct loans is determined by the Secretary of Agriculture and does not exceed the cost-of-money to the Government, plus up to

1 percent additional. The interest rate is increased by 2 percent if the project being financed involves the use of prime farmland for non-farm purposes. Guaranteed loans bear an interest rate negotiated by the lender and the borrower.

Indian tribe land acquisition loans - are made to qualified Indian tribes or tribal corporations to acquire land or interest in land within the tribe's reservation or Alaskan Indian community, as determined by the Secretary of the Interior. The interest rate is determined by the Secretary of Agriculture. Loans are repayable in not more than 40 years.

Watershed works of improvement and flood prevention loans - are made to local sponsors of projects approved for operation by the Soil Conservation Service. Loans are made to local organizations for installing, repairing, or improving watersheds and water storage facilities, purchasing sites or rights-of-way, and related costs. These loans are repayable in not more than 50 years at an interest rate based on the average rate paid by the U.S. Treasury on obligations of similar maturity. Total loans outstanding on any one project may not exceed \$10 million.

Resource conservation and development loans - are made to local sponsors of projects approved for operation by the Soil Conservation Service. Loans are made to local organizations for planned conservation measures and works of improvement as specified in approved work plans. These loans are repayable in not more than 30 years at an interest rate based on the average rate paid by the U.S. Treasury on obligations of similar maturity.

State mediation grants - are made to States which have been certified by USDA as having an Agricultural loan mediation program which meets federal requirements for certification. Grants will be solely for operation and administration of the State's Agricultural Loan Mediation Program. A grant will not exceed 70 percent of the total fiscal year funds that a qualifying State requires to operate and administer its Agricultural Loan Mediation Program. In no case will the total amount of a grant exceed \$500,000 annually.

Agricultural Resource Conservation Demonstration Program - as authorized by the Farms for the Future Act of 1990, as amended, provides for the issuance of loan guarantees to assist eligible states, on a cost sharing basis, in financing a farmland protection effort to preserve vital farmland resources for future generations. Under the program, the Secretary provides Federal guarantees and interest assistance for loans made to State trust funds. Each guarantee shall be for a ten year period covering 100 percent of the principle and interest due. The Secretary shall pay all the interest due for the first five years of the loan and no less than 3 percentage points of the interest for the next five years. The interest rate is negotiated between the borrower and lender, except that no eligible loan shall bear an interest rate in excess of 10 percent per year. The maximum allowable loan guarantee is \$10 million per year, to each eligible state, through September 30, 1996.

Eligible uses for guaranteed loan funds include the purchase of development rights, conservation easements or other types of easements, or to purchase Agricultural land in fee simple or some lesser estate in land; to pay all reasonable and customary costs; to pay the costs of enforcing easements or land use restrictions; to cover the cost of complying with regulations issued by the Secretary under this program and the costs of implementing the farmland plan of operation, with the exception of overhead expenses of the State trust fund.

Outreach & Technical Assistance Grants for Socially Disadvantaged Farmers - This grant program is authorized under section 2501 of the Food, Agriculture, Conservation, and Trade Act of 1990. The Secretary of Agriculture is empowered to make grants to eligible community based organizations with demonstrated expertise in providing Agricultural education or other Agricultural related services to socially disadvantaged groups. Also eligible are the 1890 Land-Grant Colleges including Tuskegee Institute, Indian tribal community colleges, Hispanic servicing post-secondary educational institutions, and post-secondary educational institutions having the required expertise.

HOUSING PROGRAMS:

Section 502 - Subsidized housing loans - are made to repair or purchase new or existing housing in order to provide very low-income and low-income rural residents who cannot obtain credit elsewhere, with a modest, safe, and sanitary single family dwelling at rates and terms they are able to afford. Families are eligible who meet certain criteria and qualify for interest credit, which reduces the effective

interest rate for the borrower to as low as 1 percent. Loans are repayable normally in 33 years, or 38 years under certain conditions. Not less than 40 percent of the funding authorized nationally is to be set aside for very low-income families or persons, and not less than 30 percent of the funding allocated to each State is to be available for very low-income families or persons. Very low-income applicants unable to afford a loan with maximum interest credit may be considered and qualify for a loan under the Deferred Mortgage Payment Program, newly authorized in 1991, under which up to 25 percent of a borrower's monthly payment can be temporarily deferred with the deferred amounts subject to repayment.

Section 502 - Unsubsidized housing loans - are made to finance equity and make repairs in connection with transfers, make repairs and renovation to existing borrower dwellings, and make repairs to suitable inventory dwellings in connection with credit sales; or to low or very low-income applicants that are otherwise eligible for the program but do not require interest credit assistance under the interest credit formula. This credit is made available to those who cannot obtain credit elsewhere. The interest rate is based on Treasury's cost-of-money. The term for repayment is normally 33 years. Guaranteed loans may be made to eligible moderate-income applicants on an unsubsidized basis to purchase new or existing housing. Loans are repayable over a 30 year period. Interest rates may not exceed the current Department of Veterans Affairs rate or the current Fannie Mae rate..

Section 515 - Rural rental and cooperative housing loans - are made to individuals, corporations, associations, State or local public agencies, trusts, or partnerships to provide modest-cost rental or cooperative housing and related facilities for elderly persons and other persons of low-income and very low-income or moderate-income in rural areas. These loans are repayable in not more than 50 years, and the interest rate to the borrower is based on Treasury's cost-of-money, with provisions for interest reductions under most circumstances based on tenant income. These loans are made only if the applicant cannot meet the need for housing with financial assistance from other sources. Loans may also be made to provide equity payments to borrowers whose Section 515 loans could otherwise be prepaid and removed from the program. Equity loans can also be made to nonprofit organizations and public agencies wishing to purchase projects that are eligible for prepayment.

Section 521 - Rural rental assistance payments - are made to owners of FmHA-financed rental projects in order to make housing affordable to very low-income occupants at rates commensurate to their incomes. Rental rates to tenants are not to exceed the higher of (1) 30 percent of the monthly adjusted income, (2) 10 percent of monthly income, or (3) the portion of the welfare assistance payments specifically designated for housing costs in the case of a person or a family receiving such assistance. Congress authorized and appropriated assistance under Section 502(c)(5)(D) for debt forgiveness for owners, or payments to eligible households of subsidized renters in projects purchased by eligible nonprofit organizations or public agencies to prevent diversion of low-income rental housing by virtue of Section 515 loan prepayment.

Section 504 - Very low-income housing repair grants - are made to very low-income persons to make necessary repairs to their dwellings in order to make them safe and remove health hazards to the families or the community. Recipients must be 62 years of age or older and unable to repay a loan. These grants carry a lifetime assistance limitation of \$5,000 per recipient.

Section 504 - Very low-income housing repair loans - are made to very low-income persons to repair or improve their dwellings in order to make them safe and sanitary or to remove health hazards to the families or the community. Loans are made at a 1 percent interest rate for not more than 20 years. The maximum loan assistance for section 504 repair purposes is \$15,000.

Section 514 - Rural housing for domestic farm labor loans - are made to farm owners, to public or private nonprofit organizations, or to nonprofit organizations of farm workers to provide modest living quarters, basic household furnishings, and related facilities for farm workers. The loans are repayable in not more than 33 years and bear interest not in excess of 1 percent, except under certain circumstances. The interest rate limitation may be waived by the Secretary of Agriculture in favor of a Treasury cost-of-money based interest rate in order to provide needed housing and related facilities for migrant domestic farm laborers where there are no public or private non-profit sponsors available for owning and managing the needed housing. Loans to organizations may be made simultaneously with farm labor housing grants and are made only if the necessary housing cannot be provided with financial assistance from other sources.

Section 516 - Rural housing for domestic farm labor grants - are made to public or broad-based private nonprofit organizations, States or political subdivisions, or nonprofit organizations of domestic farm workers. Grant assistance, not to exceed 90 percent of the total development costs, is provided for new construction or rehabilitation of existing buildings suitable for dwelling use by domestic farm laborers. Funds also may be used for essential related facilities such as dining halls, community rooms or buildings, infirmaries or other essential services, including basic household furnishings. These grants may be made simultaneously with domestic farm labor housing loans.

Section 524 - Rural housing site loans - are made for purchase and development of land to be subdivided into building sites and sold on a nonprofit basis to low-income and moderate-income families or to organizations for rental or cooperative housing. Direct loans are made for a 2-year period at an interest rate based on Treasury's cost-of-money.

Section 523 - Mutual and self-help housing grants - are especially designed to aid the development of mutual or self-help housing programs under which groups of families build their own homes by mutually exchanging labor. Grants are used to provide technical and supervisory assistance to rural families who build their homes by the self-help method.

Section 509(c) - Compensation for construction defects - payments are made to eligible Section 502 borrowers to pay for making structural repairs on newly constructed dwellings built or purchased as approved by the Agency. The assistance must be requested by the owner of the property within 18 months after the loan is closed or final construction inspection is made. Claims will not be paid until provisions under the builder's warranty have been fully pursued.

Section 525/509(f) - Supervisory & Technical Assistance grants - are made to public and private nonprofit organizations for packaging loan applications for housing under Sections 502, 504, 514/516, 515, 524 and 533. The assistance is to be directed to underserved areas where at least 20 percent or more of the population is at or below the poverty level and at least 10 percent or more of the population resides in substandard housing.

Section 533 - Housing preservation grants - are made to eligible nonprofit private groups, Indian tribes, or Government agencies for the rehabilitation of single family housing owned by low-income and very low-income rural families and the rehabilitation of rental and cooperative housing for low-income and very low-income rural families.

Self-help housing land and development fund - provides qualified public or private nonprofit organizations with financing for the acquisition and development of rural building sites for houses to be constructed by the self-help method. Loans are made for a 2-year period at an interest rate not to exceed 3 percent.

Rural Housing Voucher Program - as authorized under section 542 of Title V of the Housing Act of 1949, as amended, provides housing assistance to individuals and families based on the difference between what the family can afford for rental housing, up to 30 percent of their income, and the cost of rental housing in the community, based on the fair market rental rate established by the Secretary for the areas. This program, similar to rental assistance, will be targeted to areas where rural housing units are available but not currently affordable for the very low-income. The 5-year voucher agreements can be used for any available housing in the area that best meets the tenant's needs, including FmHA financed rental units.

Credit reform procedures - The 1994 Budget reflects the credit reform procedures for federal credit programs authorized by the Budget Enforcement Act of 1990, Title XIII of the Omnibus Budget Reconciliation Act of 1990. These procedures require that budget authority and outlays for these loan programs represent subsidy costs, including interest subsidies, defaults, and administrative expenses, rather than loan disbursements and repayments. Loan levels are included in the appropriation language requested for the subsidy amount for FY 1995. The appropriation language also specifies the portion of the requested budget authority to be used for administrative expenses. Budget authority for the subsidy represents the net present value of estimated cash flows over the lifetime of the loans; whereas outlays represent the portion of the subsidy related to the loan amounts disbursed within the year. Budget authority and outlays for the subsidies are presented in the Budget in "loan program accounts." All loan disbursement and repayment

activity related to loans made in FY 1992 or later appear in a "financing account" and is considered "off-budget" for purposes of estimating the deficit. Budget authority and outlays for liquidating accounts" are calculated as before, to represent disbursements, borrower repayments and payments, Federal Financing Bank repayments and Treasury loan repayments.

General - In fiscal year 1994, the budgeted lending programs will be comprised of direct and guaranteed loans. FmHA is responsible for making, disbursing, servicing and collection of direct loans. Guaranteed loans are originated, held, and serviced by private financial agencies or other lender approved by the Secretary. The Agency guarantees to pay to the lender up to a specified percent of the face value of a guaranteed loan if the borrower fails to repay.

As of September 30, 1993, FmHA's total principal indebtedness was about \$49 billion. FmHA administers its programs through the Washington Headquarters, 47 State offices, a National Finance Office in St. Louis, Missouri, and approximately 2,000 district and county offices utilizing the services of about 3,236 supervisors and 5,903 local committee members. As of September 30, 1993, there were 12,652 FmHA employees. Of these, 563 PFT and 32 others were based in Washington and 10,462 PFT and 2,800 others were in the field.

COOPERATIVE PROGRAMS:

The cooperative programs assigned functions are under both the Cooperative Marketing Act of 1926 and under the Agricultural Marketing Act of 1946. Under the Cooperative Marketing Act, these programs are authorized to : (1) acquire, analyze, and disseminate economic, statistical, and historical information regarding the progress, organization, and business methods of cooperative associations in the United States, and foreign countries; (2) conduct studies of economic, legal, financial, social, and other phases of cooperation, including analyses of cooperative associations; (3) make survey and analyses of the accounts and business practices of representation; (4) confer and advise with committees or groups of producers who ant to form a cooperative association and to make an economic analysis of the facts, relevant to setting up such an association; (5) promote the knowledge of cooperative principles and practices and to cooperate in promoting such knowledge to others; and (6) make special studies to acquire and disseminate such information.

Under the Agricultural Marketing Act, these programs are authorized to carry out responsibilities which relate to the marketing aspects of cooperatives, including economic research and analysis and the application of economic research findings. In addition, these programs are authorized to work with institutions and international organizations on subjects relating to cooperatives.

The cooperative programs serve as the focal point of national activity involving Agricultural cooperatives. The purpose is to help farmers help themselves by providing the assistance necessary to support ant improve existing cooperatives and to help farmers organize new cooperatives.

The studies conducted, alone or in conjunction with other Federal or State institutions, are intended to provide farmers with information on economic, financial, organizational, legal, and social aspects of cooperative activity. In today's rapidly changing economic environment, these programs provide technical advice to assist farmer cooperatives in the development and operation of viable profitable organizations serving the nation's family farmers.

RURAL DEVELOPMENT ADMINISTRATION

The Rural Development Administration was established by Public Law 101-624, The Food, Agriculture, Conservation and Trade Act of 1990, enacted November 28, 1990. The Rural Development Administration's program activities include:

COMMUNITY PROGRAMS:

Community facility loans - are insured loans authorized to be made to public, quasi-public, and nonprofit associations and to certain Indian tribes in rural areas and towns with a population of 20,000 or less for essential community facilities including necessary related equipment. Loans are repayable in not more than 40 years. Direct loans bear interest not in excess of the current market

yield for comparable term municipal obligations. Those loans, made in areas where: (1) the median household income of the service area falls below the higher of 80 percent of the statewide nonmetropolitan median household income or the poverty level, and (2) the project is for Health Care and related facilities or is needed to meet health or sanitary standards, bear interest not in excess of 5 percent. An intermediate rate based on the poverty rate plus one-half the difference between 5 percent and the market rate, with a ceiling of 7 percent, will apply for those projects that do not meet the requirements for the 5 percent interest rate but are located in areas where the median household income does not exceed 100 percent of the statewide nonmetropolitan median household income. Direct loan recipients also have their choice between the interest rate in effect at the time of loan approval or loan closing. An additional 2 percent is added to the interest rate if projects are built on prime farmland, unless the borrower is a public body and there are no suitable optional sites. Guaranteed loans may be made to borrowers unable to obtain credit elsewhere under similar terms and conditions. The interest rate for guaranteed loans is negotiated between the lender and borrower.

Water and waste disposal loans - are loans authorized to be made to public, quasi-public, and nonprofit associations, and to certain Indian tribes in rural areas and towns with a population not in excess of 10,000 for the development, replacement, or upgrading of water systems and waste disposal systems. These loans are repayable in not more than 40 years. Direct loans bear interest not in excess of the current market yield for comparable term municipal obligations. Those loans, made in areas where: (1) the median household income of the service area falls below the higher of 80 percent of the statewide nonmetropolitan median household income or the poverty level; and (2) the project is needed to meet applicable health or sanitary standards, bear interest not in excess of 5 percent. An intermediate rate based on the poverty rate plus one-half the difference between 5 percent and the market rate, with a ceiling of 7 percent, will apply for those projects that do not meet the requirements for the 5 percent interest rate but are located in areas where the median household income does not exceed 100 percent of the statewide nonmetropolitan median household income. Guaranteed loans may be made to borrowers unable to obtain credit elsewhere under similar terms and conditions. The interest rate for guaranteed loans is negotiated between the lender and borrower.

Water and waste disposal grants - are authorized to be made to public, quasi-public, and nonprofit associations, and to certain Indian tribes for the development, storage, treatment, purification, and distribution of water or the collection, treatment, or disposal of waste in rural areas. Grants are used for water and waste disposal projects servicing the most financially needy communities to reduce user costs to a reasonable level. Grants may be made to communities that have a median household income that falls below the higher of the poverty line or 100 percent of the State's nonmetropolitan median household income. Grant rates are based on a graduated scale providing higher rates for projects in communities that have lower income levels but may not exceed 75 percent of the eligible development costs of the project. The grant rate for communities whose income level exceeds the poverty line and is more than 80 percent but less than 100 percent of the State's nonmetropolitan median household income may not exceed 55 percent of the eligible development cost of the project. In addition, P.L. 99-198, the Food Security Act of 1985, provided that not less than 1 percent nor more than 2 percent of the water and waste disposal grant funds appropriated each year be made available for technical assistance and training of eligible grantee associations. Also, the FY 1994 Appropriations Act provides \$25 million for grants to the Colonias along the United States-Mexico border and \$15 million for grants to remedy the dire sanitation conditions in rural Alaska villages.

Emergency community water assistance grants - are authorized to be made to public bodies and private nonprofit organizations for the purpose of construction or extension of waterlines, repairs or maintenance of existing systems, replacement of equipment, and payment of costs to correct emergency situations. Grants may be made for 100 percent of projected cost in rural areas and cities or towns with a population not in excess of 5,000 and a median household income not in excess of 100 percent of the State's nonmetropolitan median household income. Grants made to alleviate a significant decline in quantity or quality of water available from the water supplies in rural areas that occurred within two years of filing an application with FmHA may not exceed \$500,000. Grants made for repairs, partial replacement or significant maintenance on an established system may not exceed \$75,000. Until June 30, 1994 grants are available for emergency expenses resulting from the Midwest floods and other natural disasters of 1993.

Solid-waste management grants - are authorized to be made to nonprofit organizations and public bodies in rural areas and towns up to 10,000 to local and regional governments and related agencies for reducing or eliminating pollution of water resources and improve planning and management of solid waste disposal facilities.

Business and industrial guaranteed loans - are guarantees issued to local lenders on loans made to public, private, or cooperative associations organized for profit or nonprofit, to certain Indian tribes or tribal groups, corporate entities, or to individuals for the purpose of improving, developing, or financing business, industry, and employment, and improving the economic and environmental climate in rural communities. This type of assistance is available only to businesses located in areas outside the boundary of a city of 50,000 or more and its immediate adjacent urbanized area. These loans are made at rates agreed upon by the borrower and lender with a maturity of 7, 15, or 30 years depending on the collateral offered, with a maximum of \$10 million per loan. Loan Guarantees are also available until June 30, 1994 for the Business and Industry (B&I) program for costs arising from the consequences of natural disasters of 1993 such as the Midwest Floods. Also, available in FY 1994 in areas affected by Hurricane Andrew, Hurricane Iniki and Typhoon Omar are Guaranteed Business and Industry subsidy and loans. Loans are available in rural or nonrural areas and may include businesses engaged in Agricultural production, recreation, and tourism that are ineligible for regular B&I loans.

Rural Development/Intermediary Relending Program loans - are to be made to intermediary borrowers (i.e., private nonprofit corporations, state or local government agencies, Indian tribes, and cooperatives) who, in turn, will relend the funds to rural businesses, private nonprofit organizations and others meeting the criteria for ultimate recipients. Financial assistance from the intermediary to the ultimate recipient must be for community development projects, the establishment of new businesses and/or the expansion of existing businesses, creation of employment opportunities and/or saving existing jobs. The total amount of IRP loan funds requested by the intermediary plus the outstanding balance of existing IRP loan(s) may not exceed \$2,000,000 per intermediary.

Rural business enterprise grants - are made to finance and facilitate development of small and emerging private business enterprises in rural areas or cities of up to 50,000 population. Priority is given to applications for projects in open country, rural communities and towns of 25,000 and smaller and economically distressed communities. Rural business enterprise grants include grants made to third party lenders to establish revolving loan programs. Television demonstration grants - are authorized to statewide private nonprofit public television systems, whose coverage area is predominantly rural, for the purpose of demonstrating the effectiveness of such systems in providing information on issues of importance to farmers and rural residents. These television demonstration grants may be used for capital equipment expenditures, start-up and program costs, and other costs necessary to the operation of such demonstrations.

Other rural development grants - are provided from funds transferred from the Appalachian Regional Commission and other Federal organizations for cooperative efforts in rural development. The funded projects focus on basic needed facilities essential to the region's growth and economic development.

Alcohol Fuels Credit - The Alcohol Fuels Credit program provides guarantees, pursuant to an emergency declaration, for lines of credit for the purpose of purchasing grains or cellulosic materials for the production of alcohol fuels at established cooperative facilities as necessary to meet deliveries under contract. The percentage of guarantee is 75 percent. All advances under the line of credit must be made within 2 years of the date of the Contract of Guarantee and the final maturity must be within 3 years of the line of credit agreement.

Credit reform procedures - The 1993 Budget reflects the credit reform procedures for federal credit programs authorized by the Budget Enforcement Act of 1990, Title XIII of the Omnibus Budget Reconciliation Act of 1990. These procedures require that budget authority and outlays for these loan programs represent subsidy costs, including interest subsidies, defaults, and administrative expenses, rather than loan disbursements and repayments. Loan levels are included in the appropriation language requested for the subsidy amount for FY 1994. The appropriation language also specifies the portion of the requested budget authority to be used for administrative expenses. Budget authority for the subsidy represents the net present value of estimated cash flows over the lifetime of the loans; whereas outlays represent the portion of the subsidy related to the loan amounts disbursed

within the year. Budget authority and outlays for the subsidies are presented in the Budget in "loan program accounts." All loan disbursement and repayment activity related to loans made in FY 1992 or later appear in a "financing account" and is considered "off-budget" for purposes of estimating the deficit. Budget authority and outlays for accounts" and are calculated as before, to represent disbursements, borrower repayments and payments, Federal Financing Bank repayments and Treasury loan repayments.

General - In fiscal year 1994, the budgeted lending programs will be comprised of direct and guaranteed loans. Direct loans are made directly to the borrower by the Agency and serviced by the Agency for the life of the loan.

Guaranteed loans are originated, held, and serviced by a private financial agency or other lender approved by the Secretary. The Agency guarantees to pay to the lender up to a specified percent of the face value of a guaranteed loan if the borrower fails to repay.

As of September 30, 1993, RDA's portfolio was about 11,000 borrowers total principal indebtedness of about \$6.1 billion. RDA administers its programs through the Washington Headquarters, with the loan making and loan servicing activities performed by FmHA field office staff. As of September 18, 1993, there were 250 RDA employees, of which, 232 were full-time employees in permanent positions. Of these, 64 PFT and 10 others were based in Washington and 168 PFT and 8 others were in the field.

FARMERS HOME ADMINISTRATION/RURAL DEVELOPMENT ADMINISTRATION
Available Funds and Staff Years, 1993 and Estimated 1994 and 1995

Item	1993 Actual		1994 Estimated		1995 Estimated	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Farmers Home Administration/RDA:						
Agricultural Credit Insurance						
Fund:						
Program account:						
Subsidy a/.....	267,309,000:	--	199,719,000:	--	196,173,000:	--
Administrative expense-						
Non-recoverable loan cost..	14,467,000:	--	14,234,000:	--	14,031,000:	--
Agricultural Resource Conser-						
vation Demonstration:						
Program account:						
Subsidy.....	3,617,000:	--	3,599,000:	--	3,086,000:	--
Rural Housing Insurance Fund:						
Program Account:						
Subsidy b/.....	587,149,000:	--	724,619,000:	--	337,827,000:	--
Administrative expense-						
Non-recoverable loan costc/	22,265,000:	--	21,906,000:	--	28,563,000:	--
Rural Development Insurance						
Fund:						
Program Account:						
Subsidy d/.....	163,675,000:	--	143,631,000:	--	179,299,000:	--
Administrative expense-						
Non-recoverable loan cost..	914,000:	--	900,000:	--	400,000:	--
Rural Telecommunications						
Partnership Loans:						
Program Account:						
Subsidy.....	--	--	--	--	636,000:	--
Rural Development Loan Fund:						
Program Account:						
Subsidy	26,720,000:	--	56,000,000:	--	65,313,000:	--
Administrative expense-						
Non-recoverable loan cost..	5,000:	--	5,000:	--	5,000:	--
Alcohol Fuels Credit Guarantee						
Fund:						
Subsidy.....	9,000,000:	--	9,000,000:	--	--	--
Self-help housing Land						
development fund program						
account (subsidy).....	43,000:	--	22,000:	--	23,000:	
Supervisor and technical e/						
assistance grants.....	2,500,000:	--	2,500,000:	--	2,500,000:	--
State mediation grants.....	3,750,000:	--	3,000,000:	--	--	--
Farm outreach and assistance						
grants.....	--	--	3,000,000:	--	5,000,000:	--
Rental assistance program.....	403,986,000:	--	446,694,000:	--	523,008,000:	--
Rural Housing Voucher Program..	--	--	25,000,000:	--	25,000,000:	--
Rural housing for f/						
domestic farm labor.....	11,000,000:	--	11,000,000:	--	11,297,000:	--
Mutual and self-help g/						
housing grants.....	12,750,000:	--	12,750,000:	--	12,750,000:	--
Very low income housing						
repair grants h/.....	12,500,000:	--	25,000,000:	--	25,000,000:	--
Compensation for						
construction defects i/.....	500,000:	--	500,000:	--	500,000:	--
Rural housing preservation						
grants.....	23,000,000:	--	23,000,000:	--	23,000,000:	--
Rural Water and Waste Disposal						
Grants j/.....	430,600,000:	--	500,000,000:	--	525,000,000:	--
Emergency Community Water						
Assistance Grants	10,000,000:	--	10,000,000:	--	--	--
Solid Waste Management Grants..	3,000,000:	--	3,000,000:	--	3,200,000:	--
Rural Development Grants.....	20,750,000:	--	42,500,000:	--	50,000,000:	--
Local Technical Assistance and						
Planning Grants.....	--	--	--	--	5,000,000:	--
Rural Technology & Cooperative						
Development Grants.....	--	--	--	--	5,000,000:	
Rural Community Fire						
Protection Grants.....	3,500,000:	--	3,500,000:	--	5,000,000:	--

Available Funds and Staff Years, 1993 and Estimated 1994 and 1995-Continued

Item	1993 Actual		1994 Estimated		1995 Estimated	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Salaries and Expenses:						
Direct appropriation.....	44,748,000:	592:	42,145,000:	756:	50,711,000:	851
Transfer from ACIFPA.....	215,712,000:	4,046:	261,158,000:	3,780:	211,488,000:	3,600
Transfer from RHIFPA.....	404,746,000:	7,243:	374,255,000:	6,960:	392,502,000:	6,730
Transfer from RDIFPA.....	57,294,000:	758:	57,294,000:	842:	57,327,000:	975
Transfer from RDLFPA.....	524,000:	13:	1,476,000:	31:	2,172,000:	37
Transfer from RTPPA.....	--:	--:	--:	--:	1,503,000:	26
Transfer from SHHLDF.....	21,000:	--:	14,000:	--:	14,000:	--
Transfer Alcohol Fuels Credit:						
GFPA.....	100,000:	--:	--:	--:	--:	--
1992 Dire Emergency						
Supplemental.....	3,200,000:	--:	--:	--:	--:	--
Rescission.....	-24,587,000:	--:	--:	--:	--:	--
Subtotal salaries & expenses and program resources.....	701,758,000:	12,652:	736,342,000:	12,369:	715,717,000:	12,219
Total.....	2,734,758,000:	12,652:	3,021,421,000:	12,369:	2,762,328,000:	12,219
Obligations under other USDA appropriations:						
Soil Conservation Service:						
Watershed protection & flood prevention.....	252,500:	--:	252,500:	--:	--:	--
Resource conservation and development.....	60,000:	--:	60,000:	--:	55,000:	--
Subtotal Soil Conservation Service.....	312,500:	m/:	312,500:	m/:	55,000:	m/
Hazardous waste management.....	2,178,232:	--:	2,097,070:	--:	3,930,000:	--
Miscellaneous reimbursements:						
Agricultural Service Centers.....	657,818:	--:	565,000:	--:	821,000:	--
Total, Agricultural Appropriations.....	2,737,906,550:	12,652:	3,024,395,570:	12,369:	2,767,134,000:	12,219
Other Federal Funds:						
Other program funds from Federal sources:						
Appalachia regional development program grants.....	11,489,606:	--:	12,000,000:	--:	12,000,000:	--
Economic Development Grants.....	847,000:	--:	--:	--:	--:	--
Reimbursements to Support the Initiative on Rural Development.....	1,244,543:	--:	--:	--:	--:	--
Total, other program funds.....	13,581,149:	--:	12,000,000:	--:	12,000,000:	--
Other administrative funds from Federal sources:						
Appalachia Regional Conservation Program.....	70,518:	m/:	73,000:	m/:	75,000:	m/
Miscellaneous Receipts (health clinic, hearings transcriptions, etc.).....	48,536:	--:	49,000:	--:	49,000:	--
Total, other administrative funds.....	119,054:	--:	122,000:	--:	124,000:	--
Total, other funds.....	13,700,203:	--:	12,122,000:	--:	12,124,000:	--
TOTAL, Farmers Home Administration and Rural Development Administration	2,751,606,753:	12,652:	3,037,517,570:	12,369:	2,779,258,000:	12,219

- a/ In 1993 includes \$21,788,000 unobligated balance available as carryover from the 1993 Supplemental Appropriations Act of 1993.
- b/ In 1993 includes \$5,000,000 of unobligated balance available as carryover from the 1992 Dire Emergency Supplemental Act. In 1994 includes \$5,985,000 of unobligated balance available as carryover from the 1993 Flood Supplemental.
- c/ Includes \$13,000,000 of spending authority from offsetting collections in FY 1995, derived from a proposed one percent guarantee loan origination fee.
- d/ Excludes negative subsidy amounts transferred from the financing account to the proprietary receipt account. Excludes \$2,842,162 of unobligated balance and \$4,059,827 of recoveries from prior year obligations which were available in FY 1993 and \$8,035,335 unobligated balance available in FY 1994.
- e/ Excludes \$2,500,000 of unobligated balance available in FY 1993 and \$5,000,000 of unobligated balance which will be available in FY 1994.
- f/ Excludes \$293,756 of unobligated balance and \$45,525 of recoveries from prior year appropriations which were available in FY 1993 and \$187,438 of unobligated balance which will be available in FY 1994.

- g/ Excludes \$6,961,447 of unobligated balance and \$279,759 of recoveries from prior year appropriations which were available in FY 1993 and \$1,984,665 of unobligated balance which will be available in FY 1994.
- h/ Excludes \$29,640 of unobligated balance and \$312,815 of recoveries from prior year appropriations which were available in 1993 and \$15,000,000 of unobligated balance and \$35,099 of recoveries which will be available in FY 1994.
- i/ Excludes \$1,163,108 of unobligated balance from prior year appropriations which were available in 1993 and \$1,350,189 of unobligated balance which will be available in FY 1994.
- j/ FY 1993 amounts include carryover from the FY 1992 Dire Emergency Supplemental Act, the FY 1993 Supplemental Appropriation Act and the Flood Supplemental Act.
- k/ Includes \$600,000 appropriated separately to the Office of the Administrator but excludes \$24,587,000 rescission. Also includes \$110,489 transferred from Rental Payments to GSA and excludes \$212,000 transferred to the Office of the Secretary and \$3,200,000 available as carryover from the 1992 Dire Emergency Supplemental.
- l/ Includes \$600,000 appropriated separately to the Office of the Administrator.
- m/ Staff Years for SCS and miscellaneous reimbursements are included under Salaries and Expenses.

FARMERS HOME ADMINISTRATION AND RURAL DEVELOPMENT ADMINISTRATION

CLASSIFICATION BY OBJECTS

FY 1993 and Estimated FY 1994 and FY 1995

	FY 1993	FY 1994	FY 1995
Personnel Compensation:			
Headquarters.....	\$945,091	\$1,863,120	\$2,442,240
Field.....	10,868,541	21,425,880	28,085,760
11 Personnel Compensation.....	11,813,632	23,289,000	30,528,000
12 Personnel Benefits.....	2,367,644	5,061,000	6,374,000
13 Benefits for Former Personnel..	13,000	29,000	43,000
Subtotal Pers. Comp. & Benefits...	14,194,276	28,379,000	36,945,000
21 Travel.....	1,407,828	1,339,000	1,823,000
22 Transportation of Things.....	50,000	113,000	232,000
23.1 Rental Payments to GSA.....	0	0	0
23.2 Rental Payments to Others....	415,000	1,390,000	1,781,000
23.3 Comm. Util. & Misc. Charges..	656,000	1,809,000	2,728,000
24 Printing and Reproduction.....	220,000	318,000	488,000
25.1 Consulting Services.....	117,000	324,000	320,000
25.2 Other Services.....	791,063,569	901,124,000	822,633,000
25.3 Purchases of goods & services from Government Accounts.....	0 463,000	0 944,000	0 1,313,000
25.4 Operation of GOCOs.....	5,000	11,000	16,000
26 Supplies and Materials.....	133,000	250,000	477,000
31 Equipment.....	345,000	2,369,000	591,000
33 Investments and loans.....	3,679,171,000	5,062,973,000	4,853,224,000
41 Grants, subsidies and contributions.....	0 1,886,120,000	0 2,426,304,000	0 2,014,366,000
42 Insurance Claims & Indemnities.	319,000	512,000	525,000
43 Interest and Dividends.....	5,823,766,000	5,313,913,000	4,558,109,000
44 Refunds.....	3,365,000	2,000,000	1,650,000
Total Other Objects.....	12,187,616,397	13,715,693,000	12,260,276,000
Total direct obligations.....	12,201,810,673	13,744,072,000	12,297,221,000
Position Data:			
Average Salary, ES positions.....	\$108,400	\$111,090	\$112,868
Average Salary, GS positions.....	\$31,462	\$32,680	\$33,200
Average Grade, GS positions.....	8.44	8.43	8.43

FmHA and RDA
Permanent Positions by Grade and Staff-Year Summary
1993 and Estimated 1994 and 1995

Grade	1993			1994			1995		
	Head- quarters	Field	Total	Head- quarters	Field	Total	Head- quarters	Field	Total
Executive Level V	3	--	3	3	--	3	3	--	3
ES-6	1	--	1	1	--	1	1	--	1
ES-5	3	--	3	3	--	3	3	--	3
ES-4	1	--	1	1	--	1	1	--	1
ES-3	1	--	1	1	--	1	1	--	1
ES-2	1	--	1	1	--	1	1	--	1
ES-1	1	--	1	1	--	1	1	--	1
GS/GM-15	81	56	137	65	71	136	62	71	133
GS/GM-14	96	40	136	91	43	134	90	43	133
GS/GM-13	206	584	790	192	594	786	187	587	774
GS-12	124	1,983	2,107	124	1,915	2,039	116	1,892	2,008
GS-11	40	1,287	1,327	38	1,263	1,301	35	1,249	1,284
GS-10	2	39	41	3	37	40	3	37	40
GS-9	37	1,590	1,627	37	1,558	1,595	34	1,540	1,574
GS-8	6	221	227	45	175	220	41	179	220
GS-7	75	1,004	1,079	25	1,017	1,042	23	1,005	1,028
GS-6	53	1,410	1,463	33	1,273	1,306	35	1,256	1,291
GS-5	33	1,931	1,964	33	1,874	1,907	30	1,853	1,883
GS-4	28	1,017	1,045	29	1,099	1,128	33	1,084	1,117
GS-3	5	71	76	20	44	64	18	46	64
GS-2	1	5	6	4	14	18	3	14	17
GS-1	--	1	1	--	1	1	--	1	1
Ungraded Position	3	2	5	3	--	3	3	--	3
Total Permanent Positions	803	11,242	12,045	755	10,979	11,734	726	10,858	11,584
Unfilled Positions end-of-year	107	506	613	--	--	--	--	--	--
Total, Permanent Employment, end-of-year	696	10,736	11,432	755	10,979	11,734	726	10,858	11,584
Staff Years	762	11,890	12,652	789	11,580	12,369	757	11,462	12,219

FARMERS HOME ADMINISTRATION
Summary of Program Levels: FY 1993 - FY 1995
(Dollars in Thousands)

	FY 1993		FY 1994		FY 1995	
	Actual		Current Estimate		President's Budget	
	Number	Amount	Number	Amount	Number	Amount
FARM PROGRAM LOANS						
Direct Farm Ownership Loans.....	746	\$66,813	830	\$78,081	930	\$84,649
Guar Farm Owners Lns (non-sub)....	2,754	448,953	3,320	556,543	3,350	576,622
Direct Farm Operating Loans.....	13,144	545,173	15,560	700,000	14,060	648,217
Guar Farm Operat Lns. (non-sub)...	8,542	874,416	17,270	1,800,000	18,650	2,000,000
Guar Farm Operating Lns (sub.)....	1,241	138,925	2,170	250,000	2,540	300,000
Direct Emergency Disaster Lns.....	885	58,607	1,470	100,000	1,430	100,000
Direct Soil and Water Lns.....	115	2,101	154	2,897	417	8,040
Guaranteed Soil and Water Lns.....	8	241	46	1,415	66	2,081
Ag. Resource Conservation Demo....	1	6,875	1	6,461	1	5,599
Watershed and Flood Prev. Loans...	0	0	5	4,000	5	4,215
Resource Conser and Dev. Loans....	0	0	2	600	2	632
Indian Land Acquisition Loans.....	2	859	2	1,000	3	1,233
Farm Credit Sales	588	49,277	1,390	123,783	980	90,000
Subtotal FP Loans.....	28,026	2,192,240	42,220	3,624,780	42,434	3,821,288
State Mediation Grants	27	2,986	19	3,000	0	0
Farm Outreach & Assist. Grants....	0	0	10	3,000	17	5,000
Subtotal Ag. Support.....	27	2,986	29	6,000	17	5,000
TOTAL FARM PROGRAMS	28,053	2,195,226	42,249	3,630,780	42,451	3,826,288

FARMERS HOME ADMINISTRATION
SUMMARY OF PROGRAM LEVELS: FY 1993 - FY 1995
(Dollars in Thousands)

	FY 1993		FY 1994		FY 1995	
	Actual		Current Estimate		President Budget	
	Number	Amount	Number	Amount	Number	Amount
	-----	-----	-----	-----	-----	-----
RURAL HOUSING PROGRAMS						
Sec 502 Dir Single Fam Housing....	30,444	1,291,308	40,530	1,800,000	41,940	1,800,000
Sec 502 Guar Single Fam./Sub.....	8,947	539,839	12,120	750,000	20,400	1,300,000
Sec 515 Dir Multi-Fam Housing.....	745	573,857	690	540,107	290	220,000
Sec 504 Housing Repair Loans.....	2,853	11,330	8,470	35,000	8,230	35,000
Sec 504 Repair Lns. - Emer Sup....	188	513	3,260	15,000	0	0
Sec 514 Farm Labor Hsg. Loans.....	32	16,300	31	16,300	31	16,482
Sec 524 RH Site Dev. Loans.....	1	600	2	600	2	632
Credit Sales of Acquired Property.	4,600	161,925	3,720	133,000	4,780	175,776
	-----	-----	-----	-----	-----	-----
Subtotal RH Loans.....	47,810	2,595,672	68,823	3,290,007	75,673	3,547,890
RENTAL ASSISTANCE PROGRAM						
Sec 521 Rental Assistance.....	2,045	403,457	2,120	440,854	2,380	517,108
Sec 502 Rental Assistance.....	5	522	55	5,840	54	5,900
	-----	-----	-----	-----	-----	-----
Subtotal Rental Assistance....	2,050	403,979	2,175	446,694	2,434	523,008
RURAL HOUSING SUPPORT PROGRAMS						
Sec 516 Farm Labor Hsg Grants.....	17	11,152	22	13,086	21	11,000
Sec 516 Farm Lab. Gts. Em. Supp...	4	4,784	55	32,500	0	0
Sec 504 Housing Repair Grants.....	3,637	12,808	7,139	39,504	6,619	25,000
Sec 504 Hous. Repair Gts. Em. Supp	353	1,471	2,105	9,000	0	0
Sec 523 Mutual S/H Hsg Grants.....	60	18,007	50	14,735	43	12,750
Sec 509 Construction Defects.....	93	306	148	500	144	500
Sec 523 Self-Hous Land Dev. Lns...	0	0	1	622	1	368
Sec 533 Hous Preservation Gts.....	198	23,000	192	23,000	187	23,000
Sec 525 Supr. & Tech. Asst. Gts....	0	0	18	4,500	21	5,500
Housing Vouchers-RRAP Units.....	0	0	25	25,000	24	25,000
	-----	-----	-----	-----	-----	-----
Subtotal Housing Support.....	4,362	71,528	9,755	162,447	7,060	103,118
TOTAL FmHA HOUSING PROGRAMS.....	54,222	3,071,179	80,753	3,899,148	85,167	4,174,016

FARMERS HOME ADMINISTRATION
Direct Aging Schedule of Loan Delinquencies - Sept. 30, 1993
(Dollars in Thousands)

	1 Yr or Less Delinquent				1 to 2 Years Delinquent				2 to 3 Years Delinquent				3 to 4 Years Delinquent				Over 4 Years Delinquent			
	Total		Number		Total		Number		Total		Number		Total		Number		Total		Number	
	Delinq.	%	Del	%	Delinq.	%	Del	%	Delinq.	%	Del	%	Delinq.	%	Del	%	Delinq.	%	Del	%
Agricultural Credit Insur. Fund																				
Individual Loans:																				
Direct Farm Ownership 1/..	12,849	8352,762	4,132	32	\$19,748	6	1,756	14	\$20,295	6	1,554	12	\$28,544	8	980	8	\$24,596	7	4,427	35
Direct Farm Operating.....	20,434	744,723	4,404	22	27,105	4	3,831	19	82,295	11	3,094	15	100,008	13	2,181	11	89,937	12	6,924	34
Recreation.....	20	634	7	35	62	10	2	10	13	2	1	5	30	5	2	10	26	4	8	40
Emergency Disaster.....	16,624	2,398,117	3,074	21	22,750	1	1,849	13	41,025	2	1,702	12	54,433	2	1,134	8	58,437	2	6,865	47
Economic Emergency.....	6,581	593,312	1,406	21	11,041	2	737	11	14,399	2	660	10	19,527	3	405	6	18,344	3	3,373	51
Soil and Water.....	1,591	26,697	400	25	977	4	311	20	1,028	4	184	12	1,699	6	114	7	1,588	6	682	43
Association Loans:																				
Irrigation and Drainage.....	4	3,557	0	0	0	0	0	0	0	0	0	1	\$1,258	35	0	0	0	0	3	75
Grazing.....	2	593	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	100
Indian Tribe Land Acq.....	3	417	1	33	22	5	2	67	394	94	0	0	0	0	0	0	0	0	0	0
Nonprogram Loans.....	378	37,921	151	40	1,483	4	50	13	2,036	5	47	12	2,119	6	39	10	2,436	6	91	24
Total, ACIF.....	56,486	4,158,733	13,575	24	83,188	2	8,538	15	161,485	4	7,243	13	207,618	5	4,855	9	194,364	5	22,375	40
Rural Housing Insurance Fund																				
Low to Mod.-Inc. Hous. Lns:																				
Repair (Section 504).....	2,149	403	1,706	79	93	23	175	8	60	15	113	5	60	15	44	2	32	8	111	5
General Purpose (Sec. 502):																				
Interest Credit.....	45,046	40,286	38,641	86	16,926	42	4,145	9	11,054	27	1,331	3	5,628	14	404	1	3,030	8	443	1
Non-Interest Credit.....	47,074	143,193	34,808	74	37,614	26	5,684	12	27,596	19	2,581	5	20,933	15	1,214	3	13,343	9	2,787	6
Above Moderate-Income Hous. Loans (Section 502).....	299	1,056	195	65	94	9	45	15	167	16	14	5	105	10	8	3	82	8	37	12
Domestic Farm Labor Loans (Section 514).....	79	1,170	9	11	195	17	30	38	203	17	7	9	44	4	6	8	34	3	27	34
Rental or Cooperative Loans (Section 515).....	280	16,471	159	57	3,592	22	58	21	3,791	23	17	6	1,717	10	13	5	941	6	33	12
Nonprogram Loans.....	705	1,090	582	83	337	31	74	10	324	30	30	4	203	19	7	1	55	5	12	2
Total, RHIF.....	95,632	203,669	76,100	80	98,851	29	10,211	11	43,195	21	4,093	4	28,690	14	1,696	2	17,517	9	3,450	4
Total, FHMA.....	152,118	4,362,402	89,675	59	142,039	3	18,749	12	204,680	5	11,336	8	236,308	5	6,551	4	211,881	5	25,825	17

1/ Includes non-farm enterprise loans.

*Guaranteed loan program information is not available at this time.

FARMERS HOME ADMINISTRATION
COMPARISON OF LOAN DELINQUENT RATE
(Dollars in Thousands)

	September 30, 1992					September 30, 1993				
	All Borrowers		Borrowers Delinquent			All Borrowers		Borrowers Delinquent		
	Number	Amount of Loans Outstanding	Number	% of Del	Amount of Delinquent	Number	Amount of Loans Outstanding	Number	% of Del	Amount of Delinquent
Farm Loan Programs										
Individual Loans:										
Insured Farm Ownership 1/	88,931	\$5,582,898	16,723	19	\$401,705	81,691	5,180,889	12,849	16	354,762
Guar. Farm Ownership.....	13,433	1,818,748	611	5	25,543	14,591	2,094,986	580	4	26,035
Insured Farm Operating....	75,051	3,506,608	26,585	35	877,856	66,665	3,099,639	20,434	31	744,721
Guar. Farm Operating.....	41,536	3,059,448	2,049	5	69,776	27,561	2,913,685	1,434	5	67,018
Recreation.....	105	6,048	24	23	1,112	88	4,729	20	23	634
Emergency Disaster.....	56,267	4,526,242	19,440	35	2,763,384	49,097	3,876,135	14,624	30	2,398,117
Guar. Emergency.....	1	227	1	100	436	1	227	1	100	436
Economic Emergency.....	22,480	1,747,086	8,747	39	729,680	19,172	1,466,196	6,581	34	593,312
Guar. Eco. Emergency.....	404	44,112	80	20	6,592	312	34,883	59	19	4,479
Emergency Livestock.....	14	1,408	5	36	466	10	984	3	30	539
Soil and Water.....	9,058	167,787	2,138	24	31,044	8,026	147,903	1,591	20	26,697
Association Loans:										
Irrigation and Drainage..	115	12,287	5	4	3,131	87	10,682	4	5	3,557
Grazing.....	180	37,202	5	3	3,063	157	33,522	2	1	593
Recreation.....	435	37,822	5	1	61	--	--	--	--	--
Indian Tribe Land Acq....	30	79,520	3	10	949	30	78,370	3	10	747
Misc. Agricultural Loans...	5	82	--	--	--	--	--	--	--	--
Nonprogram Loans.....	3,015	210,980	447	15	35,239	2,783	197,874	378	14	37,921
Total Farm Programs...	311,060	20,838,505	76,868	25	4,950,037	270,271	19,140,704	58,563	22	4,259,238

1/ Includes non-farm enterprise loans.

FARMERS HOME ADMINISTRATION
COMPARISON OF LOAN DELINQUENT RATE
(Dollars in Thousands)

	September 30, 1992					September 30, 1993						
	All Borrowers			Borrowers Delinquent		All Borrowers			Borrowers Delinquent			
	Number	Amount of Loans Outstanding	Number	% of Del	% of All	Number	Amount of Loans Outstanding	Number	% of Del	% of All		
Rural Housing Programs												
Low to Mod.-Inc. Hous. Lns:												
Repair (Section 504).....	27,238	64,027	2,765	10	853	1	26,995	65,758	2,149	8	403	1
General Purpose (Sec. 502):												
Interest Credit.....	330,354	12,047,041	48,706	15	45,543	0	317,829	11,914,796	45,044	14	40,286	0
Non-Interest Credit.....	338,204	6,616,928	52,122	15	162,628	2	322,141	6,465,915	47,074	15	143,193	2
Guaranteed Rural Housing....	2,875	143,875	50	2	212	0	10,913	615,230	161	2	329	0
Above Moderate-Income Hous.												
Loans (Section 502).....	4,667	54,067	390	8	1,213	2	3,734	39,835	299	8	1,056	3
Domestic Farm Labor Loans												
(Section 514).....	1,301	165,384	98	8	1,266	1	1,256	167,934	79	6	1,170	1
Rental or Cooperative Loans												
(Section 515).....	16,379	10,406,197	432	3	17,144	0	16,620	10,788,484	280	2	16,471	0
Site Lns (Sec 523 & 524) 1/.	5	910	1	20	227	25	3	703	0	0	0	0
Nonprogram Loans.....	12,601	261,628	925	--	1,389	--	12,277	258,529	705	6	1,090	0
Total Rural Housing...	733,624	29,760,057	105,489	14	230,475	1	711,768	30,317,184	95,791	14	203,998	1

1/ Activity for Section 523 Site Loans is part of the Self-Help Land Development Fund.

PROPOSED LANGUAGE CHANGES
[FARMERS HOME ADMINISTRATION]
(INCLUDING TRANSFER OF FUNDS)

The FY 1995 estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

Salaries and Expenses:

- 1 For necessary expenses of the Farmers Home Administration, not otherwise provided for, in administering the programs authorized by the Consolidated Farm and Rural Development Act (7 U.S.C. 1921-2000), as amended; title V of the Housing Act of 1949, as amended (42 U.S.C. 1471-1490o); the Rural Rehabilitation Corporation Trust Liquidation Act, approved May 3, 1950 (40 U.S.C. 440-444), for administering the loan program authorized by title III-A of the Economic Opportunity Act of 1964 (Public Law 88-452 approved August 20, 1964), as amended[,] ; the Cooperative Marketing Act of July 2, 1926 (7 U.S.C. 451-457), and for activities relating to the marketing aspects of cooperatives, including economic research and analysis and the application of economic research findings, as authorized by the Agricultural Marketing Act of 1946 (7 U.S.C. 1621-1627), and for activities with institutions or organizations throughout the world concerning the development and operation of agricultural cooperatives (7 U.S.C. 3291) and such other programs which the Farmers Home Administration has the responsibility for administering, [\$729,749,000] \$715,777,000; of which [\$35,552,000] \$50,771,000 is hereby appropriated, [\$374,255,000] \$392,502,000 shall be derived by transfer from the Rural Housing Insurance Fund Program Account in this Act and merged with this account, [\$261,158,000] \$211,488,000 shall be derived by transfer from the Agriculture Credit Insurance Fund Program Account in this Act and merged with this account, [\$57,294,000] \$57,327,000 shall be derived by transfer from the Rural Development Insurance Fund Program Account in this Act and merged with this account, [\$1,476,000] \$2,172,000 shall be derived by transfer from the Rural Development Loan Fund Program Account in this act and merged with this account,
- 2 \$1,503,000 shall be derived by transfer from the Rural Telecommunications Partnership Loan account, and \$14,000 shall be derived by transfer from the Self-Help Housing Land Development Fund Program Account in this Act and merged with this account: Provided, That not to exceed [\$500,000] \$515,000 of this appropriation may be used for employment under 5 U.S.C. 3109: Provided further, That not to exceed [\$4,368,000] \$3,479,000 of this appropriation shall be available for contracting with the National Rural Water Association or other equally qualified national organization for a circuit rider program to provide technical assistance for rural water systems.

3 [OFFICE OF THE ADMINISTRATOR]

[For necessary salaries and expenses of the Office of the Administrator of the Farmers Home Administration, \$600,000: Provided, That no other funds in this Act shall be available for this Office.]

The first change adds language to fund the cooperative programs as authorized under the Cooperative Marketing Act including economic research and analysis as authorized by the Agricultural Marketing Act.

The second change adds language to fund the Rural Telecommunications Partnership Loan account as authorized under the Consolidated Farm and Rural Development Act, as amended.

The third change eliminates the separate appropriation language for the Office of the Administrator account. To provide for a more efficient operation, it is proposed that the Administrator's costs be funded from the Farmers Home Administration Salaries and Expenses Appropriation.

**FARMERS HOME ADMINISTRATION and
RURAL DEVELOPMENT ADMINISTRATION**

SALARIES AND EXPENSES

Appropriations Act, 1994	\$736,342,000
Budget Estimate, 1995:	
Appropriation.....	\$50,771,000
Program Resources.....	665,006,000

Total, Budget Estimate, 1995.....	715,777,000

Decrease in Appropriation.....	-20,565,000
	=====

SUMMARY OF INCREASES AND DECREASES

(On basis of appropriation)

Item of Change	1994 Estimated	Pay Cost	Staff Year Reduction	Other Changes	1995 Estimated

S&E Direct Appro.	\$42,145,000	+\$337,000	-\$228,000	+\$8,517,000	\$50,771,000
ACIF Prog. Acct..	261,158,000	+2,163,000	-1,463,000	-50,370,000	211,488,000
RDLF Prog. Acct..	1,476,000	+12,000	-8,000	+692,000	2,172,000
RHIF Prog. Acct..	374,255,000	+3,101,000	-2,098,000	+17,244,000	392,502,000
RDIF Prog. Acct..	57,294,000	+475,000	-321,000	-121,000	57,327,000
SHHLDF Prog. Acct	14,000				14,000
Rural Telecommun. Partnership.....				+1,503,000	1,503,000
Total	-----				
Appropriation...	736,342,000	+6,088,000	-4,118,000	-22,535,000	715,777,000

FARMERS HOME ADMINISTRATION
and
RURAL DEVELOPMENT ADMINISTRATION

Salaries and Expenses

PROJECT STATEMENT
(on basis of adjusted appropriation)
(Dollars in Thousands)

Project	1993 Actual		1994 Estimate		Increase: or Decrease	1995 Estimate	
	Amount	Staff Years	Amount	Staff Years		Amount	Staff Years
Salaries and Expenses							
Direct							
Appropriation 1/....	\$44,748	592	\$42,145	756	\$+8,626	\$50,771	851
1992 Dire Emergency Supplemental.....	3,200	--	--	--	--	--	--
Rescission 2/.....	-24,587						
Transferred from							
Other Accounts:							
Agricultural Credit							
Insurance Fund							
Program Account...	215,712	4,046	261,158	3,780	-49,670	211,488	3,600
Rural Development							
Loan Fund Program							
Account.....	524	13	1,476	31	+696	2,172	37
Rural Housing							
Insurance Fund							
Program Account...	404,746	7,243	374,255	6,960	+18,247	392,502	6,730
Rural Development							
Insurance Fund							
Program Account...	57,294	758	57,294	842	+33	57,327	975
Self Help Housing							
Land Development							
Fund.....	21	--	14	--	--	14	--
Alcohol Fuels Credit							
Guarantee Fund							
Program Account...	100	--	--	--	--	--	--
Rural Telecommuni-							
cation Partnership:	--	--	--	--	+1,503	1,503	26
Subtotal,							
Transferred from							
Other Accounts....	678,397	12,060	694,197	11,613	-29,191	665,006	11,368
Total Salaries and					(1)		
Expenses 3/.....	701,758	12,652	736,342	12,369	-20,565	715,777	12,219
Transfer from Dept.							
for SLUC.....	110	--	--	--	--	--	--
Transfer to Secretary							
of Agriculture.....	-212	--	--	--	--	--	--
Unobligated Balance							
Lapsing.....	-17,785	--	--	--	--	--	--
Salaries and Expenses							
Obligations	683,871	12,652	736,342	12,369	-20,565	715,777	12,219
Loan Program							
Expenses	(23,249)	--	(37,045)	--	(-7,046)	(29,999)	--
Total Administrative							
Expenses.....	(707,120)	--	(773,387)	--	(-27,611)	(745,776)	--
Transfer from other							
Accounts.....	-660,612	-12,060	-694,197	-11,613	-29,191	-665,006	-11,368
Total Adjusted							
Appropriations.....	23,259	592	42,145	756	8,626	50,771	851

- 1/ Includes Office of the Administrator and Rural Development Administration and cooperative programs previously administered by the Agricultural Cooperative Service.
- 2/ FY 1993 reflects a rescission of \$15,000,000 from FmHA and \$9,587,000 from RDA.
- 3/ Excludes Miscellaneous Reimbursements of \$777,000 in FY 1993, \$687,000 in FY 1994 and \$945,000 in FY 1995. Excludes allocation from SCS of \$313,000 in FY 1993 and FY 1994 and \$55,000 in FY 1995. Excludes reimbursement related to RDA Councils. Includes 11 staff years for miscellaneous reimbursements and SCS for FY 1993, and FY 1994 and 4 staff years for FY 1995 and 69 staff years for ACS in FY 1993, FY 1994 and FY 1995.

Note: FY 1993 actuals reflect consolidation of FmHA, RDA and ACS obligations for comparability purposes. A request has been submitted to the Congress to rescind \$12,167,000 in FY 1994 under R94-10.

Note: In FY 1995 \$13,000,000 in fees will be collected as a result of the 1 percent origination fee on the Guaranteed Housing Loans.

Note: Under the Secretary's proposed reorganization plan this account will be part of the Farm Service Agency, the Rural Housing and Community Development Service, the Rural Business and Cooperative Service and the Rural Utilities Service.

FARMERS HOME ADMINISTRATION
and
RURAL DEVELOPMENT ADMINISTRATION
JUSTIFICATION OF INCREASES AND DECREASES

- (1) A net decrease of \$20,565,000 for administration of loan and grant programs consisting of:

- (a) An increase of \$6,088,000 for FY 1995 pay costs.

Need for Change. This item of increase is needed to fund the FY 1995 pay cost increase at 1.6 percent for 12,219 staff years.

Nature of Change. The request covers the proposed Federal pay raise at 1.6 percent effective January 1995. No additional funding is being requested for the FY 1995 locality pay increase.

- (b) A decrease of \$4,118,000 for a reduction in Federal employment costs.

Need for Change. In support of the Secretary's streamlining efforts and the President's Executive Order mandating a reduction in Federal employment, FmHA/RDA is reducing employment from the FY 1993 base by 3.4 percent.

Nature of Change. To achieve the reduction, the Agency will streamline its operations. The total reduction in personnel costs amounts to \$4,118,000 in FY 1995.

- (c) A net decrease of \$22,535,000 for administrative efficiency.

Need for Change. In support of the Secretary's streamlining efforts and the President's Executive Order to reduce overhead-type outlays from the FY 1993 baseline, budget authority is reduced by \$22,535,000 in FY 1995.

Nature of Change. In order to achieve these savings, FmHA/RDA will reduce discretionary expenses by \$22,535,000 in FY 1995, in areas such as ADP initiatives, servicing contracts, and other contractual activities.

EXPLANATION OF PROGRAM

This account is used to finance the operating expenses incurred in the administration of the programs of the Farmers Home Administration (FmHA and Rural Development Administration (RDA). In fiscal year 1995 the appropriations includes funds to administer the cooperative programs previously administered by the Agricultural Cooperative Service. Under Federal Credit Reform, the funds available consist of direct appropriations; transfers from the Agricultural Credit Insurance Fund Program account, Rural Housing Insurance Fund Program account, Rural Development Loan Fund Program account, Rural Development Insurance Fund Program account, Self-Help Housing Land Development Fund and Rural Telecommunications Partnership account. In addition, allocations are received from the Soil Conservation Service and miscellaneous reimbursements from other sources.

The principal activities of the Agency include the making and servicing of farm, housing, rural development loans and grants, for activities relating to the marketing aspects of cooperatives, including economic research, and analysis and the application of economic research findings.

Under Federal Credit Reform, administrative costs associated with loan programs are appropriated under the various program accounts as listed above.

As a result of the Administrations commitment to streamline the activities of the Federal government and the Secretary's reorganization of the Department, FmHA/RDA is able to reduce staffing from 12,369 in 1994 to 12,219 in 1995 and achieve additional cost reductions in administrative expenses through the consolidation of administrative functions.

NATIONAL APPEALS STAFF

In FY 1993, NAS received 8,645 hearing requests, a 4.4% increase over the previous year. There were 5,702 hearing decisions rendered, an increase of 8.2% over FY 1992. Second level review requests 1,273 which was a decrease of 3.4% from the previous year. Appeal activity for FY 1995 is expected to be near the FY 1994 levels, subject to any change brought about by USDA restructuring.

AUTOMATION INITIATIVES

STRATEGIC INFORMATION RESOURCES MANAGEMENT PLAN (IRM) - The five-year IRM plan for Fiscal Years 1994 through 1998 was prepared and submitted to the Department of Agriculture, Office of Information Resources Management. The Plan covers Farmers Home Administration (FmHA) and Rural Development Administration (RDA). It includes the plans for providing information management support in the interrelated disciplines of IRM program management, information and data management, application information systems, business/customer support, and delivery systems to both the National and Field Offices.

INFORMATION SYSTEMS PLAN (ISP) - The USDA Infoshare project has initiated an Information Strategy Plan team to develop and/or consolidate ISPs for the Infoshare Agencies. FmHA is represented on that team. The Team began its work in September 1993 with initial efforts focused on defining how the ISPs will be conducted (e.g., team versus contractor involvement) and the scope of the effort.

DATA ADMINISTRATION PROGRAM (DA) - FmHA is working to establish an integrated DA program for all its systems. During January 1993, FmHA conducted a working DA symposium to define DA within the context of FmHA and to assist our managers in making key decisions in the planning and implementation of a DA program.

RESOURCE MANAGEMENT SYSTEMS (RMS) - RMS is FmHA/RDA's productivity and work measurement system which is currently operated as a combined on-line and "hard copy" mail-based system. FmHA is currently studying the methodologies to meet FmHA/RDA's productivity and workloads measurement requirements and our responsibilities under the Government Performance and Review Act of 1993. These studies will allow the Agencies to analyze the current RMS reporting methodology and program and management information needs for budget and staffing allocations and resource management. Revised work standards for FY 1994 have been completed for all FmHA/RDA Programs. FmHA is also in the process of developing new RMS User Guides for all FmHA/RDA Programs.

DEBTS AND LOAN RESTRUCTURING SYSTEM - DALR\$ was designed to aid FmHA County Office Staff in determining debt restructuring options for farmer program borrowers under the provision of both the Agricultural Credit Act of 1987 and the Food, Agriculture, Conservation, and Trade (FACT) Act of 1990. Modifications have been made to the system as a result of the Fact Act. The modified system was released as DALR\$ Version 5.0 (DALR\$ 5.0)

FARM AND HOME PLAN - Field offices are currently utilizing the FHP Version 1.2 for rendering sound loan making/servicing decisions. This system stores the current and historical data regarding a farm borrower's operation. As other applications are added to utilize the existing FHP system's database, it has evolved in to a system that allows FmHA County Supervisors to perform Long Range planning on a borrowers financial information.

MANAGEMENT RECORDS SYSTEM (MRS) - MRS has been implemented nation-wide. The county offices can process applications and services RH and FP loans. The users have the capability to print and/or view reports on the screen. Upon completion of Phase II of the implementation, the system will include the automatic daily download and archiving of records. The system will continue to be modified based on recommendations from the user community.

MTFS INDUSTRY INTERFACE/AMAS UPLOAD PROJECT - This project will allow the FmHA borrowers or their agents to send tenant certification information electronically to the district office. The data will be reviewed by district office staff and stored in the MTFS database. The tenant data will also be uploaded to the Automated Multiple Housing Accounting System (AMAS) and used by the accounting system to provide a more complete billing statement to the borrowers.

SECURITY AWARENESS TRAINING PROGRAM PLAN - During FY 1992 the Agency developed a Security Awareness Training Program to support Departmental and Agency automated information systems security policy as promulgated from legal and regulatory requirements. The Automation Training Branch is reviewing the training courses and developing material for implementation.

STREAMLINE ACCESS CONTROL - During FY 1993, the analysis of FmHA's current access control environment was completed. FmHA plans to implement the Streamline of Access Control and update to Release 12.0 of IDMS during FY 1994.

CONVERSION TO FTS2000 - Conversion to FTS2000 continued in FY 1993, including sharing and consolidation of telecommunications service amount USDA agencies. FmHA also continues to implement integrated voice and data traffic at GSA switch locations.

FTS CALLING CARD CONVERSION - FTS2000 initiated a program to convert to new telephone calling cards. FmHA began the process of converting some 1600 calling cards to the new FTS2000 calling cards.

FIELD OFFICE CUSTOMIZED STATUS INQUIRY SCREENS - This project improves the ability of field offices to obtain status information on borrower accounts. These improvements included conversion of cryptic four-position mnemonic data element codes to readily recognizable short-descriptive names; development of status inquiry screens designed to support specific business functions; organization of data by loan program; and creation of an easy to follow menu-driven access capability. These enhancements were implemented in December 1992.

RURAL HOUSING MONTHLY LOAN STATUS SYSTEM - This is an automated system refreshed nightly to assist County Office personnel in servicing Rural Housing (RH) monthly loan borrowers. Using this system, field offices have the capability to choose from several categories of screen displays of a borrower's payment status. They may also request a specific borrower's status be displayed, borrower information for a given payment due date, or a range of due dates. Users may view the requested information on their computer screen, or print a report of the information locally.

BEGINNING FARMER DOWNPAYMENT LOAN PROGRAM - This project established the capability to make and track three new beginning farmer downpayment loans within the parameters of the program which include a 4 percent interest rate; equal annual installments payable over a maximum of 10 years; loan repayment periods between 1 and 10 years; and a maximum loan amount of \$75,000. It included the capability to identify borrowers receiving assistance from a state Beginning

Farmer program and to identify borrowers obtaining a FmHA guaranteed loan in conjunction with the downpayment loan.

SINGLE FAMILY HOUSING APPRAISAL FEES - A revision of FmHA Instruction 1944-A, Section 502 Rural Housing Loan Policies, Procedures, and Authorizations, provided authority to collect appraisal fees from Section 502 loan borrowers to offset Agency appraisal costs. The appraisal fee is paid by the borrower at loan closing from personal funds or from loan proceeds. This project enhance initial system capabilities implemented in February 1989 and was fully implemented in February 1993.

ACQUIRED PROPERTY IMPROVEMENTS - Two large projects resulted in major changes to the Acquired Property Tracking System to include information concerning conservation easements, leaseback/buyback and homestead protection rights, leases and socially disadvantaged applicants. Besides capturing, storing, and reporting data to internal managers, the data is being provided to other USDA managers having a need to know via an information sharing capability.

IMPLEMENTATION OF THE DIRE EMERGENCY SUPPLEMENTAL APPROPRIATIONS ACT OF 1992 - This loan/grant program was initiated in response to the hurricanes and typhoons in Florida, Hawaii, and Guam in 1992. Eleven new direct and guaranteed loan/grant appropriations were authorized for the Rural Development Administration and were implemented in March 1993. Four new direct Farmers Home Administration loans/grants authorized for farmer program and single family housing were implemented in December 1992. Labor housing grants were implemented in January 1993. The system developed for this program will also be used for disaster assistance for the Midwest Flood of 1993. Timely implementation of these new programs allowed the people and communities in the affected areas to recover from the devastating effects of these natural disasters.

IMPLEMENTATION OF THE CRANSTON-GONZALEZ NATIONAL AFFORDABLE HOUSING ACT - This automation initiative includes three separate projects to implement provision of the Cranston-Gonzalez National Affordable Housing Act. During FY 1992, the capability to obligate and close loans under the Deferred Mortgage Demonstration Program was implemented. Enhancements to establish Deferred Mortgage receivables and account for repayment of the receivables were implemented during FY 1993. The capability to establish Section 509 Housing Application Packaging Grants was also implemented during FY 1993. Modifications under the multi-family housing program to provide for overburden relief will be implemented in the future.

ORDER, TRACKING, AND INVENTORY SYSTEM (OTIS) - The OTIS is FmHA and RDA management tool for monitoring the maintenance contract awarded to General Telephone and Electronics on April 9, 1993, and ensures accurate ADP equipment accountability. The system was implemented in December 1992.

MULTI-FAMILY HOUSING INFORMATION STATUS TRACKING RETRIEVAL (MISTR) - The consolidation of the Multi-family Housing Information Status Tracking Retrieval (MISTR) and Automated Multi-Housing Accounting System (AMAS) effort has been in the planning stages for some time and represents the joint effort of the National Office and State Office Multi-Family Housing (MFH) staffs and ISM-St. Louis staff. The result is a greatly enhanced AMAS system that will enable the MFH program managers to track multi-State applicants and borrowers.

SUSPEND LATE FEES FOR PROJECTS ON SPECIAL BUDGETS - Monthly Late Fees are charged to Multi-Family Housing Projects that are more than 10 days late in making their scheduled payment. An option for delinquent borrowers making an effort to resolve the delinquency through workout procedures is the execution of a Special Budget. This process allows for the resolution of the delinquency over a period of time. By waiving the late fees for the borrowers if they are meeting the requirements of the workout agreements, the borrower is relieved of the burden of additional late fees. These waivers are now automatically generated for projects that are coded as having Special Budgets in effect.

PARALLEL REVIEWS OF FmHA'S ACCOUNTING/MANAGEMENT SYSTEMS - FmHA's Information Systems Management staff prepared required documentation and conducted Parallel Review meetings with assigned USDA Acquisition Review Teams (ART's) to secure Technical Approval (TA) of 5 systems. The documentation requirement for each system included a requirements analysis, and an analysis of feasible alternatives using a formal benefit cost analysis mode. Each documentation package was reviewed by the ART assigned to that system and presented in formal

meetings during August and September 1993. Formal TA's have been received for OTIS and AMAS, and issuance of formal TA's for PLAS, GLAS and RCFTS is in process.

CRISIS MANAGEMENT PLAN - The Crisis Management Plan is designed to minimize mainframe systems downtime and keep the users accurately informed during systems problems. During FY 1993, the plan was modified and reissued to include additional mainframe systems and reflect changes in the personnel responsible for particular systems.

INTERIM HARDWARE/SOFTWARE PROCUREMENT -

- 3B2 upgrade for FmHA high use and large field offices, providing upgrades to 131 3B2's located in offices nationwide.
- 449 portable printers will provide efficient readily available print capability for the laptop computers in the field.
- 50 uninterrupted power supply devices will ensure against loss of data in power failure situations in field offices.
- 138 peripheral sharing devices to allow existing printers to be utilized more efficiently.

PLANNING AND FINANCIAL MANAGEMENT

LITIGATION TRACKING SYSTEM - FmHA is taking the lead in working with the USDA Chief Financial Officer in starting the development of a Department-wide Litigation Tracking System. FmHA is providing a Project Manager as well as providing financial assistance during the initial planning. Systems development will be accompanied at the USDA Computer Center at Ft. Collins, Colorado. FmHA represents approximately 93 percent of the Department's litigation cases.

CAIVRS - FmHA began reporting delinquencies into the Department of Housing and Urban Development's Credit Alert Interactive Voice Response System (CAIVRS). CAIVRS is becoming the Government's central repository for information on delinquencies on Federal Government debts. Agencies are beginning to screen applications against the CAIVRS system to identify applicants who are delinquent on Federal debt or who caused a claim to be paid. FmHA will begin screening its applications against CAIVRS during 1994.

PROCUREMENT

STREAMLINING PROCUREMENT PROCESSES - FmHA has increased its use of simplified procurement procedures to award program support contracts. This includes more use of small purchases procedures, such as blanket purchasing arrangements. FmHA is also evaluating the increased use of the Government credit card and third party drafts.

INCREASED SOCIOECONOMIC AWARDS - FmHA's National Office procurement activity increased awards to SBA's 8(a) program participants and implemented a minority business goal in its State Offices tied to the minority demographics in each State.

NATIONAL FINANCE OFFICE

RURAL DEVELOPMENT ADMINISTRATION (RDA) COLLECTIONS - RDA has requested the capability to collect their borrower loan payments electronically through the Automated Clearing House (ACH) system. This capability allows RDA to electronically collect a borrower's payment through a Preauthorized ACH Debit (PAD) against the borrower's checking/savings account. RDA has requested a lockbox for RDA borrowers to mail their payments to directly.

CASH-LINK - CASH-LINK streamlines the collection process by combining the deposit reporting function and concentrator bank function which are performed separately under FmHA's current system. FmHA and the Department of the Treasury are modifying CASH-LINK's processes to support FmHA's unique requirements.

REMOTE CONSOLE FACILITIES - This capability will enhance the current remote console and job entry operations in the Finance Office so that loan and financial/statistical reporting to the Agency's accounting system can occur in a timely, accurate, and responsive manner.

INTERNAL REVENUE SERVICE (IRS) OFFSET - The IRS Offset Program allows FmHA to refer delinquent borrowers to the IRS and offset delinquency against the borrower's tax refund.

ADMINISTRATIVE PAYMENTS REVIEW - The Agency's administrative payment processes will be flowcharted to determine if there are adequate internal controls and whether the process flows are efficient. Some of the payment processes to be flowcharted are the Agency's use of the National Finance Center's (NFC) Miscellaneous Payment System (MISPAY), travel, Type 60 Purchase Orders (program costs) and relocation costs.

COOPERATIVE PROGRAMS - Allows farmers to join together to achieve goals unattainable on a individual basis. Through cooperatives, farmers jointly process and market farm products, purchase production supplies, and obtain related services.

Through research and technical assistance, the Agency advises cooperative boards of directors and managers on a range of economic, financial, organizational, legal, and social aspects of cooperatives. The Agency also provides technical assistance to producer groups interested in organizing new cooperatives. These activities are designed to help cooperatives provide more efficient and effective services to their farmer-members in a dynamic economic environment.

In 1993, Agency staff participated in 146 formal technical assistance projects involving 156 cooperatives and producer groups in 38 states.

In 1993, 60 projects involving a variety of issues and commodities were carried out on behalf of 70 established cooperatives.

In 1993, 86 projects were conducted involving emerging and developing cooperatives and producer groups representing more than 2,200 members. Eleven of these groups were incorporated as new cooperatives in 1993.

FARMERS HOME ADMINISTRATION and
RURAL DEVELOPMENT ADMINISTRATION

SALARIES AND EXPENSES - PROPOSED LEGISLATION

Budget Estimate, Current Law, 1995	\$715,777,000
Change due to proposed legislation for user fees..	-450,000

Total, Budget Request, 1995	\$715,327,000
	=====

EXPLANATION OF CHANGE

Legislation is being proposed in FY 1995 to shift the funding source of technical assistance provided for cooperative programs from appropriation to user fees.

FARMERS HOME ADMINISTRATION
and
RURAL DEVELOPMENT ADMINISTRATION
Salaries and Expenses
PROJECT STATEMENT--PROPOSED REORGANIZATION
(on basis of adjusted appropriation)

	FY 1994 Estimate		Increase or Decrease	FY 1995 Estimate	
	Amount	Staff Years		Amount	Staff Years
Farmers Home Administration:					
Salaries and Expenses:					
To the Rural Utilities Service:					
Transfer from:					
Rural Development Insurance Fund					
Program Account.....	18,088,800	373	(482,800)	17,606,000	351
Rural Telecommunications					
Partnership Loans Account.....	--	--	1,503,000	1,503,000	26
Subtotal, Available or Estimate.....	18,088,800	373	1,020,200	19,109,000	377
To the Rural Business and Cooperative					
Development Service:					
Transfer from:					
Direct Appropriation.....	8,061,410	124	615,590	8,677,000	135
Rural Development Insurance Fund					
Program Account.....	18,313,590	269	(2,967,590)	15,346,000	247
Rural Development Loan Fund					
Program Account.....	1,476,000	31	696,000	2,172,000	35
Subtotal, Available or Estimate.....	27,851,000	424	(1,656,000)	26,195,000	417
To the Rural Housing and Community					
Development Service:					
Transfer from:					
Direct Appropriation.....	34,083,590	632	8,010,410	42,094,000	716
Self-Help Housing Land Development					
Fund Program Account.....	14,000	--	--	14,000	--
Rural Development Insurance					
Fund Program Account.....	20,891,610	307	3,483,390	24,375,000	377
Rural Housing Insurance Fund					
Program Account.....	366,218,000	6,894	18,266,000	384,484,000	6,617
Agricultural Credit Insurance Fund					
Program Account..1/.....	--	245	--	--	245
Subtotal, Available or Estimate.....	421,207,200	8,078	29,759,800	450,967,000	7,955
To the Farm Service Agency:					
Transfer from:					
Agricultural Credit Insurance Fund					
Program Account.....	261,158,000	3,374	(49,670,000)	211,488,000	3,355
Subtotal, Available or Estimate.....	261,158,000	3,374	(49,670,000)	211,488,000	3,355
To the National Appeals Division:					
Transfer from:					
Rural Housing Insurance Fund					
Program Account.....	8,037,000	120	(19,000)	8,018,000	115
Subtotal, Available or Estimate.....	8,037,000	120	(19,000)	8,018,000	115
Total, Salaries and Expenses.....	736,342,000	12,369	(20,565,000)	715,777,000	12,219

	FY 1994 Estimate		Increase or Decrease	FY 1995 Estimate	
	Amount	Staff Years		Amount	Staff Years
Program Loan Costs:					
To the Rural Utilities Service:					
Transfer from:					
Rural Development Insurance Fund					
Program Account.....	36,000	--	(20,000)	16,000	--
Subtotal, Available or Estimate.....	36,000	--	(20,000)	16,000	--
To the Rural Business and Cooperative					
Development Service:					
Transfer from:					
Rural Development Insurance Fund					
Program Account.....	45,000	--	(25,000)	20,000	--
Rural Development Loan Fund					
Program Account.....	5,000	--	--	5,000	--
Subtotal, Available or Estimate.....	50,000	--	(25,000)	25,000	--
To the Rural Housing and Community					
Development Service:					
Transfer from:					
Rural Housing Insurance Fund					
Program Account.....	21,906,000	--	(6,343,000)	15,563,000	--
Rural Development Insurance Fund					
Program Account.....	819,000	--	(455,000)	364,000	--
Subtotal, Available or Estimate.....	22,725,000	--	(6,798,000)	15,927,000	--
To the Farm Service Agency:					
Transfer from:					
Agricultural Credit Insurance Fund					
Program Account.....	14,234,000	--	(203,000)	14,031,000	--
Subtotal, Available or Estimate.....	14,234,000	--	(203,000)	14,031,000	--
Total, Program Loan Costs.....	37,045,000	--	(7,046,000)	29,999,000	--
Total, Available or Estimate.....	773,387,000	12,369	(27,611,000)	745,776,000	12,219
Funded from Other Accounts.....	731,242,000	11,613	(36,237,000)	695,005,000	11,368
Total Appropriation.....	42,145,000	756	8,626,000	50,771,000	851

Note: Excludes miscellaneous reimbursements of \$1,000,000 in FY 1994 and FY 1995.

- 1/ Funding in FY 1994 of \$16,926,805 and in FY 1995 of \$14,393,015 for the 245 staff-years support is included in the transfer from the Agricultural Credit Insurance Fund Program Account to the Farm Service Agency. An interagency agreement will be established to reimburse the Rural Housing and Community Development Service for administrative support services provided to the Farm Service Agency.

FARMERS HOME ADMINISTRATION AND RURAL DEVELOPMENT ADMINISTRATION
Salaries and Expenses
Obligations by Organizational Unit 1/
(in thousands rounded)

Organizational Unit	Obligations			
	Personnel Comp. and Benefits	Travel	All Other	Total
<u>FISCAL YEAR 1993:</u> (actual)				
National Office	\$42,104	\$3,051	\$13,765	\$58,920
Finance Office and Field Support	34,105	335	10,566	45,006
State Offices	99,022	8,140	33,388	140,550
District Offices	60,195	3,995	17,810	82,000
County Offices	<u>258,818</u>	<u>8,788</u>	<u>92,124</u>	<u>359,730</u>
Total, FmHA	494,244	24,309	167,653	686,206
Less Allocations from other accounts	<u>477,492</u>	<u>23,485</u>	<u>161,970</u>	<u>662,947</u>
Total, S&E, FmHA	<u>16,752</u>	<u>824</u>	<u>5,683</u>	<u>23,259</u>
^{2/} <u>FISCAL YEAR 1994:</u> (estimate)				
National Office	43,726	4,079	15,405	63,210
Finance Office and Field Support	35,330	1,000	11,795	48,125
State Offices	103,491	10,737	37,604	151,832
District Offices	62,929	5,271	20,065	88,265
County Offices	<u>270,539</u>	<u>11,596</u>	<u>103,775</u>	<u>385,910</u>
Total, FmHA	516,015	32,683	188,644	737,342
Less Allocations from other accounts	<u>486,521</u>	<u>30,815</u>	<u>177,861</u>	<u>695,197</u>
Total, S&E, FmHA	<u>29,494</u>	<u>1,868</u>	<u>10,783</u>	<u>42,145</u>
<u>FISCAL YEAR 1995:</u>				
National Office	44,692	3,257	13,555	61,504
Finance Office and Field Support	36,097	798	10,375	47,270
State Offices	105,297	8,534	32,938	146,769
District Offices	64,015	4,188	17,571	85,774
County Offices	<u>275,326</u>	<u>9,218</u>	<u>90,916</u>	<u>375,460</u>
Total, FmHA	525,427	25,995	165,355	716,777
Less Allocations from other accounts	<u>488,210</u>	<u>24,154</u>	<u>153,642</u>	<u>666,006</u>
Total, S&E, FmHA	<u>37,217</u>	<u>1,841</u>	<u>11,713</u>	<u>50,771</u>

1/ Includes reimbursable obligations.

2/ Does not include impact of proposed rescission of \$12,167,000.

FARMERS HOME ADMINISTRATION
and
RURAL DEVELOPMENT ADMINISTRATION

Positions Filled, Staff-Years and Average
Grade and Salary by Organizational Unit

Organizational Unit	Positions Filled at End of Year		Staff- Years	Permanent	Full-time
	Permanent Full-Time	Other		Average Grade	Average Salary
FISCAL YEAR 1993: (actual)					
National Office	696	48	762	11.05	\$41,190
Finance Office and Field Support	820	71	830	8.59	32,020
State Offices	1,852	114	1,885	10.11	37,685
District Offices	1,390	98	1,463	8.48	31,610
County Offices	<u>6,674</u>	<u>2,990</u>	<u>7,712</u>	<u>7.46</u>	<u>27,810</u>
Total, FmHA	11,432	3,321	12,652	8.44	31,462
FISCAL YEAR 1994: (current)					
National Office	755	47	789	10.96	42,490
Finance Office and Field Support	820	69	805	8.58	33,260
State Offices	1,887	112	1,836	10.10	39,155
District Offices	1,418	96	1,425	8.47	32,835
County Offices	<u>6,854</u>	<u>2,926</u>	<u>7,514</u>	<u>7.45</u>	<u>28,880</u>
Total, FmHA	11,734	3,250	12,369	8.43	32,680
FISCAL YEAR 1995: (estimate)					
National Office	726	47	757	10.95	43,125
Finance Office and Field Support	811	69	798	8.58	33,790
State Offices	1,865	112	1,817	10.10	39,780
District Offices	1,402	96	1,410	8.47	33,360
County Offices	<u>6,780</u>	<u>2,926</u>	<u>7,437</u>	<u>7.45</u>	<u>29,340</u>
Total, FmHA	11,584	3,250	12,219	8.43	33,200

FARMERS HOME ADMINISTRATION & RURAL DEVELOPMENT ADMINISTRATION
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1993 Actual and Estimated 1994 and 1995
Salaries and Expenses

	1993 Staff Years	1993 Actual	1994 Staff Years	FY 1994 Estimate	1995 Staff Years	1995 Estimate
ALABAMA.....	262	13,839,972	255	14,784,074	253	14,444,682
ALASKA.....	27	1,426,257	26	1,507,396	26	1,484,434
ARIZONA.....	109	5,757,851	106	6,145,537	105	5,994,828
ARKANSAS.....	332	17,537,674	323	18,726,493	320	18,269,953
CALIFORNIA.....	286	15,107,755	279	16,175,516	273	15,586,554
COLORADO.....	114	6,021,972	111	6,435,420	110	6,280,296
CONNECTICUT.....	108	5,705,027	105	6,087,560	104	5,937,735
DELAWARE.....	51	2,694,040	50	2,898,838	49	2,797,587
FLORIDA.....	210	11,093,107	205	11,885,236	202	11,532,908
GEORGIA.....	314	16,586,836	306	17,740,888	303	17,299,362
HAWAII.....	47	2,482,743	46	2,666,931	45	2,569,212
IDAHO.....	172	9,085,783	168	9,740,096	166	9,477,538
ILLINOIS.....	319	16,850,958	311	18,030,772	308	17,584,830
INDIANA.....	252	13,311,729	246	14,262,283	243	13,873,746
IOWA.....	400	21,129,728	390	22,610,936	386	22,038,131
KANSAS.....	209	11,040,283	204	11,827,259	201	11,475,814
KENTUCKY.....	333	17,590,498	324	18,784,470	321	18,327,047
LOUISIANA.....	316	16,692,485	308	17,856,842	305	17,413,549
MAINE.....	172	9,085,783	168	9,740,096	166	9,477,538
MARYLAND.....	63	3,327,932	61	3,536,582	61	3,482,710
MASSACHUSETTS.....	71	3,750,527	69	4,000,396	68	3,882,365
MICHIGAN.....	284	15,002,107	277	16,059,562	275	15,700,741
MINNESOTA.....	310	16,375,539	302	17,508,981	299	17,070,987
MISSISSIPPI.....	535	28,261,011	521	30,205,892	516	29,460,299
MISSOURI.....	372	19,650,647	362	20,987,587	359	20,496,604
MONTANA.....	134	7,078,459	131	7,594,956	129	7,365,075
NEBRASKA.....	220	11,621,350	214	12,407,027	212	12,103,844
NEVADA.....	30	1,584,730	29	1,681,326	29	1,655,715
NEW HAMPSHIRE.....	44	2,324,270	43	2,493,001	42	2,397,931
NEW JERSEY.....	104	5,493,729	101	5,855,653	100	5,709,360
NEW MEXICO.....	109	5,757,851	106	6,145,537	105	5,994,828
NEW YORK.....	280	14,790,810	273	15,827,655	271	15,472,367
NORTH CAROLINA.....	451	23,823,768	439	25,451,797	435	24,835,718
NORTH DAKOTA.....	235	12,413,715	229	13,276,678	227	12,960,248
OHIO.....	243	12,836,310	237	13,740,492	234	13,359,903
OKLAHOMA.....	295	15,583,174	287	16,639,330	284	16,214,583
OREGON.....	137	7,236,932	133	7,710,909	132	7,536,356
PENNSYLVANIA.....	254	13,417,377	247	14,320,260	245	13,987,933
RHODE ISLAND.....	22	1,162,135	21	1,217,512	21	1,198,966
SOUTH CAROLINA.....	285	15,054,931	278	16,117,539	276	15,757,835
SOUTH DAKOTA.....	242	12,783,485	236	13,682,515	233	13,302,810
TENNESSEE.....	351	18,541,336	342	19,828,052	339	19,354,732
TEXAS.....	559	29,528,795	545	31,597,334	539	30,773,452
UTAH.....	105	5,546,554	102	5,913,629	101	5,766,454
VERMONT.....	85	4,490,067	83	4,812,071	82	4,681,675
VIRGINIA.....	279	14,737,985	272	15,769,679	269	15,358,179
WASHINGTON.....	145	7,659,526	141	8,174,723	140	7,993,104
WEST VIRGINIA.....	155	8,187,770	151	8,754,491	149	8,506,947
WISCONSIN.....	302	15,952,945	294	17,045,167	291	16,614,239
WYOMING.....	85	4,490,067	83	4,812,071	82	4,681,675
PUERTO RICO.....	205	10,828,986	200	11,595,352	198	11,304,533
TRUST TERRITORIES..	26	1,373,432	25	1,449,419	25	1,427,340
VIRGIN ISLANDS.....	10	528,243	10	579,768	10	570,936
SUBTOTAL.....	11,060	584,236,977	10,775	624,699,585	10,664	608,846,188
NATIONAL OFFICE....	762	56,963,023	789	64,734,394	757	61,162,817
FIN.OFF.& FLD SPRT	830	45,006,000	805	47,908,021	798	46,767,995
TOTAL AVAIL. EST.	12,652	686,206,000	12,369	737,342,000	12,219	716,777,000

Note: Includes reimbursements of \$1,089,372 in FY 1993, \$1,000,000 in FY 1994 and \$1,000,000 in FY 1995.

FARMERS HOME ADMINISTRATION

The 1995 Budget Estimates include proposed changes in language as follows (new language underscored; deleted matter enclosed in brackets):

Agricultural Credit Insurance Fund Program Account:

For gross obligations for the principal amount of direct and guaranteed loans as authorized by 7 U.S.C. 1928-1929, to be available from funds in the Agricultural Credit Insurance Fund, as follows: farm ownership loans, [~~\$634,624,000~~] \$661,271,000, of which [~~\$556,543,000~~] \$576,622,000 shall be for guaranteed loans; operating loans, [~~\$2,750,000,000~~] \$2,948,124,000, of which [~~\$1,800,000,000~~] \$2,000,000,000 shall be for unsubsidized guaranteed loans and [~~\$250,000,000~~] \$299,907,000 shall be for subsidized guaranteed loans; [~~\$4,312,000~~] \$10,121,000 for water development, use, and conservation loans, of which [~~\$1,415,000~~] \$2,081,000 shall be for guaranteed loans; Indian tribe land acquisition loans as authorized by 25 U.S.C. 488, [~~\$1,000,000~~] \$1,233,000; for emergency insured loans, \$100,000,000 to meet the needs resulting from natural disasters; and for credit sales of acquired property, [~~\$123,783,000~~] \$90,000,000.

For the cost of direct and guaranteed loans, including the cost of modifying loans as defined in section 502 of the Congressional Budget Act of 1974, as follows: farm ownership loans, [~~\$34,080,000~~] \$34,165,000, of which [~~\$20,870,000~~] \$22,258,000 shall be for guaranteed loans; operating loans, [~~\$119,985,000~~] \$122,530,000, of which [~~\$9,360,000~~] \$10,780,000 shall be for unsubsidized guaranteed loans and [~~\$29,425,000~~] \$38,430,000 shall be for subsidized guaranteed loans; [~~\$494,000~~] \$1,100,000 for water development, use, and conservation loans, of which [~~\$31,000~~] \$46,000 shall be for guaranteed loans; Indian tribe land acquisition loans as authorized by 25 U.S.C. 488, [~~\$197,000~~] \$152,000; for emergency insured loans, [~~\$26,060,000~~] \$26,290,000 to meet the needs resulting from natural disasters; and for credit sales of acquired property, [~~\$18,903,000~~] \$11,916,000.

In addition, for administrative expenses necessary to carry out the direct and guaranteed loan programs, [~~\$275,392,000~~] \$225,519,000.

AGRICULTURAL CREDIT INSURANCE FUND PROGRAM ACCOUNT
(On basis of loan level, subsidy, and administrative expenses
in the Appropriation Act)
(in thousands of dollars)

	<u>Loan Level</u>	<u>Subsidy</u>	<u>Administrative Expenses</u>
Amount, FY 1994.....	\$3,618,319	\$199,719	\$275,392
Amount, FY 1995... ..	3,822,825	196,173	225,519
Change in Amount.....	<u>204,506</u>	<u>-3,546</u>	<u>-49,873</u>

PROJECT STATEMENT
(On basis of appropriated loan levels, subsidies, and administrative expenses)
(in thousands of dollars)

Item of change	1993 Actual			1994 Appropriated			Increase or Decrease			1995 Estimated		
	Loan Level	Subsidy		Loan Level	Subsidy		Loan Level	Subsidy		Loan Level	Subsidy	
Farm ownership loans:												
Direct loans.....	\$66,813	\$10,013		\$78,081	\$13,210		\$6,568 (1)	-\$1,303		\$64,649	\$11,907	
Guaranteed loans unsubsidized.....	448,953	20,574		556,543	20,870		20,079 (2)	1,388		576,622	22,258	
Farm operating loans:												
Direct loans.....	545,174	78,410		700,000	61,200		-51,763 (3)	-7,680		646,217	73,320	
Guaranteed loans unsubsidized.....	874,415	10,556		1,800,000	9,360		200,000 (4)	1,420		2,000,000	10,780	
Guaranteed loans subsidized.....	138,926	12,313		250,000	29,425		50,000 (4)	9,005		300,000	38,430	
Emergency disaster loans:												
Direct loans.....	58,607	14,225		100,000	26,060		--	230		100,000	26,290	
Soil and water loans:												
Direct loans.....	2,101	343		2,897	463		5,143 (5)	591		8,040	1,054	
Guaranteed loans unsubsidized.....	241	8		1,415	31		668 (5)	15		2,063	46	
Indian tribe land acquisition loans:												
Direct loans.....	859	182		1,000	197		233 (6)	-45		1,233	152	
Watershed protection and flood prevention loans:												
Direct loans.....	--	--		4,000	--		215 (7)	--		4,215	--	
Resource conservation and development												
Direct loans.....	--	--		600	--		32 (8)	--		832	--	
Credit sales of acquired property.....	49,277	10,776		123,783	18,903		-33,783 (9)	-6,987		90,000	11,916	
Unobligated balance, expired, direct.....	1,178,464	66,599		--	--		--	--		--	--	
Unobligated balance, expired, guar., unsub.....	112,459	483		--	--		--	--		--	--	
Unobligated balance, expired, guar., sub.....	15,577	6		--	--		--	--		--	--	
Total:												
Direct loans and subsidies.....	1,901,295	180,548		1,010,361	140,033		-73,375	-15,394 (10)		938,986	124,639	
Guaranteed unsubsidized loans and subsidies.....	1,438,068	31,621		2,357,958	30,261		220,747	2,623 (11)		2,576,705	33,084	
Guaranteed subsidized loans and subsidies.....	154,503	12,319		250,000	29,425		50,000	9,005 (11)		300,000	38,430	
Total loans and subsidies a/.....	3,491,866	224,488		3,616,319	199,719		197,372	-3,566		3,815,691	196,153	
Administrative expenses b/.....		227,097			275,392			-49,873 (12)			225,519	
Total, Appropriation.....	3,491,866	451,585		3,616,319	475,111		197,372	-53,439		3,815,691	421,672	
1993 Supplemental: available carryover.....	--	--		67,000 b/	21,786 b/							
Proposed Rescission c/.....					-5,094							
Total, President's Budget.....	3,491,866	451,585		3,705,319	491,605							

Staff--years are reflected in the Schedules and Expenses Project Statement.

Note: Under the Secretary's proposed reorganization plan this account will be part of Farm Service Agency except Watershed and Flood Prevention and Resource Conservation and Development loan programs.

- a/ Of the \$227,097,000 for administrative expenses in FY 1993, \$11,385,000 will be retained for obligation of program--related nonrecoverable costs. Of the \$275,392,000 in FY 1994, \$14,234,000 will be retained for obligation of program--related nonrecoverable costs. Of the \$225,519,000 in FY 1995, \$14,031,000 will be retained for obligation of program--related nonrecoverable costs.
- b/ An Act, making emergency supplemental appropriations for relief from the major, widespread flooding in the Midwest for the fiscal year ending September 30, 1993, and for other purposes, P.L. 103-75, dated August 12, 1993, provided an additional direct emergency disaster loan authorization of \$80,000,000 and additional loan subsidy of \$20,504,000 and an additional direct soil and water loan authorization of \$7,000,000 and additional loan subsidy of \$1,264,000 to remain available through June 30, 1994. None of these funds were obligated in 1993.
- c/ The proposed rescission for credit sales of acquired property will reduce program level by \$34,349,292.

PROJECT STATEMENT
(On basis of 1994 loan levels and subsidies supportable under 1994 Appropriation Act)
(In thousands of dollars)

Item of change	1994 Appropriated			Increase or Decrease			1994 Supportable		
	Loan Level	Subsidy		Loan Level	Subsidy		Loan Level	Subsidy	
Farm ownership loans:									
Direct loans.....	\$78,081	\$13,210		--	--		\$88,376		\$13,210
Guaranteed loans unsubsidized.....	556,543	20,870		-\$15,494	--		541,049		20,870
Farm operating loans:									
Direct loans.....	700,000	81,200		--	--		742,467		81,200
Guaranteed loans unsubsidized.....	1,800,000	9,360		-137,269	--		1,662,731		9,360
Guaranteed loans subsidized.....	250,000	29,425		-5,597	--		244,403		29,425
Emergency disaster loans:									
Direct loans.....	100,000	26,060		--	--		107,088		26,060
Direct loans (P.L. 103 - 75).....	--	--		83,832	20,504		83,832		20,504 a/
Soil and water loans:									
Direct loans.....	2,897	463		--	--		3,413		463
Direct loans (P.L. 103 - 75).....	--	--		8,960	1,284		8,960		1,284 a/
Guaranteed loans unsubsidized.....	1,415	31		--	--		1,434		31
Indian tribe land acquisition loans:									
Direct loans.....	1,000	197		--	--		1,625		197
Watershed protection and flood prevention loans:									
Direct loans.....	4,000	--		--	--		4,000		--
Resource conservation and development loans:									
Direct loans.....	600	--		--	--		600		--
Credit sales of acquired property.....	123,783	18,903		-27,063	-5,094		96,720		13,809 b/
Total:									
Direct loans and subsidies.....	1,010,361	140,033		65,729	16,694		1,137,081		156,727
Guaranteed unsubsidized loans and subsidies.....	2,357,958	30,261		-152,763	--		2,205,214		30,261
Guaranteed subsidized loans and subsidies.....	250,000	29,425		-5,597	--		244,403		29,425

Note - Current estimate of supportable loan levels based on 2nd quarter estimate of subsidy rates. Subsidy rates change each quarter for changes in Treasury discount rates.

a/ An Act, making emergency supplemental appropriations for relief from the major, widespread flooding in the Midwest for the fiscal year ending September 30, 1993, and for other purposes, P.L. 103-75, dated August 12, 1993 made loan levels and subsidies available through June 30, 1994.

b/ Proposed rescission.

EXPLANATION OF PROGRAM

As required by Title XIII, section 13201, of the Omnibus Budget Reconciliation Act of 1990, this account records the subsidy costs associated with the direct loan obligations and guaranteed loan commitments of this account in FY 1992 and beyond. Subsidy amounts are obtained by estimating the difference between the Government's disbursements and net present value of the receipts resulting from direct and guaranteed loans made through this account.

The Agricultural Credit Insurance Fund and its associated loan programs are authorized by title III of the Consolidated Farm and Rural Development Act, as amended. This Fund is used to insure or guarantee farm ownership, soil and water, farm operating, emergency, Indian tribe land acquisition, watershed works of improvement and flood prevention and resource conservation and development loans.

Public Law 92-419, approved August 30, 1972, abolished the Farmers Home Administration Direct Loan Account and the Emergency Credit Revolving Fund and provided for transfer of the assets and liabilities of, and authorizations applicable to, these accounts to the Agricultural Credit Insurance Fund. It also provided for transfer from the Agricultural Credit Insurance Fund to the Rural Development Insurance Fund of the assets and liabilities of the Agricultural Credit Insurance Fund applicable to loans for water systems and waste disposal facilities.

Real Estate Loans

Subtitle A of the Consolidated Farm and Rural Development Act contains the authorizations for farm ownership loans, recreation loans, and soil and water loans to individuals, and to farm cooperatives and private domestic corporations and partnerships that are controlled by farmers and ranchers, engaged primarily and directly in farming or ranching in the United States. Soil and water and recreation loans are each contained as separate types of loans because the law sets forth eligibility requirements for these loans that differ somewhat from the eligibility requirements for farm ownership loans. In most respects, however, soil and water, recreation, and farm ownership loans are subject to similar authorizations and limitations but not purposes. Direct loan borrowers are required to graduate to other credit sources when they are able to do so.

Farm Ownership Loans.

Farm ownership loans are used for:

1. Maintaining family farms: Farm ownership loans help owner-operators restructure their debts, including those who are highly leveraged who utilize their real estate equities to refinance heavy short-term debts. In other instances, the owner-operators use real estate credit and assistance to make further adjustments in their operations, to comply with local sanitation and pollution abatement requirements, to keep up with advances in agricultural technology, to better utilize their land and labor resources and to meet changing market requirements. Farm ownership loans may be used to finance income producing recreational enterprises or other nonfarm enterprises which supplement but do not supplant farm income.
2. Purchase and development of farms: One of the functions of the farm ownership loan program is to assist farmers, especially beginning farmers, in the purchase and enlargement of farms. Applicants eligible for these loans may use this assistance for combining small tracks of land, making basic soil improvements, establishing permanent pastures, improving dwellings and essential farm buildings, developing land and water, controlling pollution, producing or saving energy, adding a nonfarm enterprise and taking other

measures to increase the efficiency and income-producing capacity of their holdings.

Farm ownership loans are made to eligible individuals, cooperatives, corporations, partnerships or joint operators who (1) have sufficient training or farm experience to assure reasonable prospects of success in the proposed operation, (2) are or will become owner-operators of not larger than family-size farms, and (3) are unable to obtain sufficient credit elsewhere to finance their actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in the community in or near where the applicant resides for loans for similar purposes and periods of time.

Loans are made for 40 years or less. A direct loan may not exceed \$200,000 and a guaranteed loan may not exceed \$300,000. The interest rate for direct loans is determined by the Secretary of Agriculture and does not exceed the cost-of-money to the Government, plus up to one percent additional. However, loans to limited resource borrowers bear interest of not more than one-half of the Treasury rate for marketable obligations with maturities of five years plus not more than one percentage point, with a minimum floor of five percent. The interest rate for guaranteed loans is negotiated by the lender and the borrower and may be subsidized under the interest assistance program. In addition, the interest rate assistance program may also be sufficient to allow moderate-income borrowers to move from the direct loan program to the guaranteed loan program.

The Agricultural Credit Improvement Act of 1992, Public Law 102-554, dated October 28, 1992 established the down payment loan program under which loans are made to qualified beginning farmers and ranchers for down payments on farm ownership loans. Loans may be made to provide an amount equal to 30 percent of the purchase price or appraised value, whichever is lower, of the property to be acquired. The applicant may request a lesser amount. The interest rate is set by law at 4 percent. The remaining balance, not to exceed 60 percent, may be guaranteed by FmHA. The purchase price or appraised value of the farm, whichever is lower, cannot exceed \$250,000. In addition, not less than 25 percent of the amounts appropriated for guaranteed farm ownership loans for fiscal years 1994 and 1995 will be reserved for beginning farmers and ranchers during the first six months of the respective fiscal year. Also, during fiscal year 1994, not less than 55 percent of the amounts appropriated for insured farm ownership loans will be reserved for qualified beginning farmers and ranchers. In fiscal year 1995 the percentage set aside for beginning farmers and ranchers will increase to 65 percent.

Soil and Water Loans. Soil and water loans are made to individuals, cooperatives, corporations, partnerships or joint operators who own and/or operate a farm. Applicants must be unable to obtain sufficient credit elsewhere to finance actual needs at reasonable rates and terms prevailing in the community where the farm is located. The loans may be made for soil conservation, development and use; forestation; drainage of farmland; establishment of permanent pasture; pollution control and energy saving measures. The loan limit is \$50,000 for a direct loan and \$50,000 for a guaranteed loan. The repayment period may be up to 40 years. The interest rate for direct loans is determined by the Secretary of Agriculture and does not exceed the cost-of-money to the Government, plus up to one percent additional. Guaranteed loans bear an interest rate negotiated by the lender and the borrower.

Operating Loans

Subtitle B of the Consolidated Farm and Rural Development Act contains the authorization for direct and guaranteed operating loans. Operating loans made by the Farmers Home Administration are accompanied by supervisory assistance in farm and financial management. Operating credit is targeted to family farmers throughout the United States, who are unable to obtain credit from private and

cooperative sources, to develop or maintain a reasonable standard of living. The use of operating loan funds for this purpose helps provide opportunity for farm operators to conduct successful farm operations.

Loans are made to assist (1) full-time and part-time operators to continue in agriculture and to improve their farm and home operations, (2) part-time farm operators to convert their farming operations to full-time and to improve their income and level of living while continuing to live in rural areas, (3) young farmers who lack the necessary credit to acquire the resources needed for success, and (4) rural youths.

Operating loans are made to individuals, partnerships, corporations, cooperatives or joint operators who operate not larger than family-size farms or ranches, who (1) have sufficient training or farm experience to assure reasonable prospects of success in the proposed operation, (2) are or will become operators of not larger than family farms, except for rural youths, and (3) are unable to obtain sufficient credit elsewhere to finance their actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in the community in or near where the applicant resides, for loans for similar purposes and periods of time.

Operating loans may be made for paying costs incident to reorganizing a farming system for more profitable operations; purchasing livestock, poultry and farm equipment; purchasing feed, seed, fertilizer, insecticides, and farm supplies and meeting other essential operating expenses; financing land and water development, use, and conservation; developing recreation and other nonfarm enterprises; and refinancing existing indebtedness.

The loan limit is \$200,000 for a direct loan and \$400,000 for a guaranteed loan. Operating loans may be scheduled for payment over periods from 1 to 7 years depending on loan purposes. The interest rate for direct loans is determined by the Secretary of Agriculture and does not exceed the cost-of-money to the Government, plus up to one percent additional. However, loans to limited resource borrowers bear interest of not more than one-half of the Treasury rate for marketable obligations plus not more than one percentage point, with a minimum floor of five percent. The interest rate for guaranteed loans is negotiated by the lender and the borrower and may be subsidized under the interest assistance program. In addition, the interest assistance program may also be sufficient to allow moderate-income borrowers to move from the direct loan program to the guaranteed loan program.

The Agricultural Credit Improvement Act of 1992, Public Law 102-554, dated October 28, 1992 established a special farm operating loan program for qualified beginning farmers and ranchers who have not operated a farm or ranch, or who have operated a farm or ranch for not more than 5 years to conduct viable farming and ranching operations. In addition, an applicant must present a detailed 5 year plan of operation projecting repayment each year of the plan and the ability to obtain credit elsewhere in 10 years. Also, not less than 30 percent of the amounts available for insured farm operating loans for fiscal year 1994 will be reserved for qualified beginning farmers and ranchers during the first six months of the fiscal year. In fiscal year 1995 the percentage set aside for beginning farmers and ranchers will increase to 40 percent.

Direct loan borrowers are encouraged to supplement their operating loans with credit from other sources when this is feasible. They are required to graduate to other credit sources when able to do so.

Emergency Disaster Loans

Emergency loans are made available in designated areas (counties) and in contiguous counties where property damage and/or severe production losses have occurred as a

direct result of a natural disaster. Areas may be declared by the President or designated for emergency loan assistance by the Secretary of Agriculture.

Emergency loans are made to established, eligible, family size farmers, ranchers and aquaculture operators. Partnerships and private domestic corporations and cooperatives may also qualify, providing they are primarily engaged in agricultural or aquacultural production. Loans may be made only for actual losses arising from natural disasters. A farmer who cannot receive credit elsewhere is eligible for an actual loss loan of up to \$500,000 or the calculated actual loss, whichever is less, for each disaster at an interest rate of four and one-half percent.

Actual loss loans may be made for physical losses to repair, restore or replace damaged or destroyed farm property, livestock and livestock products, and supplies, and for production losses to compensate for loss of income based on reduced production of crops and/or livestock products resulting from the disaster. Eligible farmers may use actual loss loan funds to purchase livestock, poultry, or other animals and pay costs incident to reorganizing a farming system to make it a sound operation. The reorganized farming operation, however, must be approximately equivalent in earning capacity to the operation conducted prior to the disaster. Under certain conditions, loan funds may be used to buy essential home equipment and furnishings and for limited refinancing of debts.

Repayment terms for actual loss loans vary according to the purposes of the loan, type of collateral available to secure the loan, and the projected repayment ability of the borrower. The Secretary has reduced the repayment rate for the third quarter of fiscal year 1994 from the current 4.25% to 3.75%. Loans for actual production or physical losses to crops, livestock, supplies and equipment may be scheduled for repayment for up to 7 years. Under some conditions a longer repayment period may be authorized for production loss loans, but not to exceed 20 years. Generally, real estate will be needed as security when a loan term of more than 7 years is authorized. Loss loans for actual losses to real estate will generally be scheduled for repayment within 30 years but under some conditions may be scheduled for up to 40 years.

Indian Tribe Land Acquisition Loans

Public Law 91-229, approved April 11, 1970, authorized loans to any Indian tribe recognized by the Secretary of the Interior or tribal corporation established pursuant to the Indian Reorganization Act, which does not have adequate uncommitted funds, to acquire lands or interest in lands within the tribe's reservation or Alaskan Indian community, as determined by the Secretary of the Interior, for use of the tribe or the corporation or the members thereof. Loans are made for 40 years or less. The interest rate for these loans is determined by the Secretary of Agriculture. It does not exceed the cost-of-money to the Government, plus up to one percent additional, except, those tribes that are unable to pay the higher rate may be charged a lower interest rate.

Watershed Works of Improvement and Flood Prevention Loans

Loans are made to local organizations for financing the local share of the cost of installing, repairing or improving works of improvement and water storage facilities, purchasing sites or rights-of-way and for related costs in approved watershed works of improvement and flood prevention projects. FmHA has been assigned responsibility for making these loans to sponsors of such projects approved for operation by the Soil Conservation Service. No loan may be made until the Soil Conservation Service and the local organization have agreed on a plan for works of improvement. Public Law 92-419, approved August 30, 1972, provided for making such loans on a direct basis under the Agricultural Credit Insurance Fund.

These loans are repayable in not more than 50 years at an interest rate based on the average rate paid by the U.S. Treasury on obligations of similar maturity. For any single plan for works of improvement, the amount of the loan may not exceed \$10 million.

Resource Conservation and Development Loans

Loans are made to local sponsoring organizations when needed for financing the local share of the cost of installing, repairing or improving works of improvement, purchasing sites or rights-of-way and for related costs in approved resource conservation and development projects. The Farmers Home Administration has been assigned responsibility for making these loans to sponsors of resource conservation and development projects approved for operation by the Soil Conservation Service. No loan may be made until the Soil Conservation Service and the local organization have agreed on a plan for development work. Public Law 92-419, approved August 30, 1972, provided for making such loans on a direct basis under the Agricultural Credit Insurance Fund.

These loans are repayable in not more than 30 years. Loans bear interest at a rate based on the average rate paid by the U.S. Treasury on obligations of similar maturity.

BORROWER'S FINANCIAL OPPORTUNITIES

A specific set of borrower's rights has been set forth by Congress. These borrower rights provide a number of opportunities for borrowers in serious financial difficulty to have the debt written down in order to retain the farming business. These opportunities include traditional rescheduling, reamortization and deferrals. The Agricultural Credit Act of 1987 also adds debt write down and buyout at net recovery value, and revises the provisions for leaseback/buyback and homestead protection which were included in the Food Security Act of 1985. Descriptions of these financial opportunities follow:

(1) Rescheduling and/or Reamortization

Operating type loans can be rescheduled for up to 15 years with no limit on the number of times a loan can be rescheduled. Reamortization is for long term loans with reamortization of payments for up to 40 years from the date of the original loan. In addition, these loans can have interest rates reduced to limited resource rates which are, currently, one quarter of one percent below regular rates for operating loans and 1.50 percent below the regular rate for long term loans.

(2) Deferral

Deferrals can be for up to five years with renewals possible. Interest accrues on deferred debt, so it is not a very viable choice for a borrower unless a substantial amount of other lender debt can be paid off or income increased during the deferral period. Farm plans must show that payment on the deferred debt can be resumed at the end of the deferral period.

(3) Debt Write Down

Debt write down is the major loan restructuring provision of the Agricultural Credit Act of 1987. The Act requires a determination be made that the present value of the restructured debt after the debt is written down is greater or equal to the net recovery value that would be obtained through foreclosure or involuntary liquidation, inventory costs and resale expenses. Net recovery value is the market

value less all costs of an involuntary liquidation including estimated holding costs of the property in inventory. If the farm operation will cash flow at or above a level that will pay all essential family living and farm operating expenses and installments on debts, then the debt will be restructured, thereby keeping the farmer on the farm.

(4) Buy Out at Net Recovery Value

If all combinations for rescheduling, reamortization, deferral and write down do not provide a restructuring program that will keep the borrower paying the restructured debt, the borrower then has the opportunity to pay off the debt at net recovery value. This can be a heavily discounted payoff. The payoff must be in full to FmHA with no credit being provided by the Agency. There is a high probability that many borrowers whose loans cannot be restructured will be able to buy out their loans and remain on the farm, with a good opportunity to continue the farm business.

(5) Leaseback/Buyback

Leaseback/buyback permits former owners-operators the opportunity to lease, with an option to purchase, real estate which secured the farm program loan(s). Eligible real estate includes any off the farm principal residence(s) of the operator(s). If eligible, such sales may be made with FmHA providing the credit.

(6) Homestead Protection

The program permits former owner-operators the opportunity to lease, with an option to purchase, their former principal residence, and up to ten acres of land. The homestead is leased to the borrower at a rental rate comparable to rental rates for the area. The lease is for up to five years and also carries an option to purchase. FmHA will provide the credit.

The adequate servicing and supervision of delinquent farmer program loans to assist borrowers to overcome financial and management difficulties and to protect the Government's interest is, and continues to be, a prime concern of the Farmers Home Administration. The Agency makes every effort possible to assist financially stressed farm borrowers to overcome their difficulties. Borrowers and the agricultural community can be assured that the Agency will continue to work with borrowers on a fair but firm basis by using all available authorities to assist them to remain in farming when their farming operations are feasible.

The Food, Agriculture, Conservation and Trade Act of 1990 closed some of the loopholes in the Agricultural Credit Act of 1987. It limited the writedown or writeoff of debt to a lifetime limit of \$300,000 and allows up to two writedowns or buyouts of debt, provided that a borrower had not received a first writedown by the time of the enactment of the 1990 Farm bill. A limit of one writeoff or writedown within 10 years for direct and 15 years for guaranteed loans was also established. It requires FmHA to notify a borrower of its debt settlement program and takes into consideration the value of any nonessential unencumbered assets that the borrower may have an ownership interest in when the borrower requests primary loan services or buyout of the FmHA loans. It also requires a borrower to have acted in good faith. Borrowers may also request a negotiation of the appraisal of assets if he or she disagrees with the FmHA appraisal.

JUSTIFICATION OF INCREASES AND DECREASES

The FY 1995 Budget continues the initiative of shifting direct loan programs to guaranteed loan programs. The focus on guaranteed lending will facilitate graduations of loans from FmHA to private lenders while borrowers gain valuable, lasting relationships with their local lending institutions. In addition, the transfer of most loan making responsibilities to private lenders will enable FmHA

to concentrate on providing supervised credit assistance to needy borrowers, insure an effective guarantee/graduation process and allow for improved servicing of the existing portfolio. The direct loan programs will be sufficient to provide all the direct loan financing required and are targeted to the most financially needy borrowers and beginning farmers. However, direct loan borrowers must demonstrate an inability to afford loans assisted by guarantees.

The following adjustments result in a net increase of \$197,372,000 in loan programs and a decrease of \$49,873,000 in administrative expenses.

- (1) An increase of \$6,568,000 for direct farm ownership loans (\$78,081,000 available in FY 1994).

Need for Change. New real estate lending will be kept to a modest increase to account for inflation and changes in economic assumptions. Lending will be targeted to beginning farmers and the most financially needy applicants. Applicants must demonstrate the inability to afford loans assisted by guarantees and guarantees accompanied by interest assistance. FmHA has established annual target participation rates on a county-wide basis to ensure that members of socially disadvantaged groups will receive real estate loans and have the opportunity to purchase or lease inventory farmland. Real estate credit for existing FmHA borrowers will continue to be available through reamortization and rescheduling of loans secured by real estate.

Nature of Change. This program will be maintained at a level to enable the most financially needy applicants and members of socially disadvantaged groups to take advantage of the Agency's long term farm ownership loan program.

- (2) An increase of \$20,079,000 for guaranteed farm ownership loans (\$556,543,000 available in FY 1994).

Need for Change. The program will be held to a modest increase to account for inflation and changes in economic assumptions. The increase will facilitate graduation of FmHA borrowers to private sector credit sources.

Nature of Change. The program level will provide 3,350 unsubsidized guaranteed loans in FY 1995.

- (3) A decrease of \$51,783,000 for direct farm operating loans (\$700,000,000 available in FY 1994).

Need for Change. The Agency will make maximum use of the guaranteed operating loan program, in lieu of the direct loan program, to facilitate participation of the private agricultural credit sector.

Nature of Change. The program level will provide 14,561 direct loans in FY 1995.

- (4) An increase of \$250,000,000 for guaranteed farm operating loans (\$2,050,000,000 available in FY 1994).

Need for Change. The Agency will make maximum use of the guaranteed operating loan program in lieu of the direct loan program, to facilitate participation of the private agricultural credit sector. The Agency has coordinated and worked with the Farm Credit Administration and private lenders to increase participation in the guaranteed loan area. The shift toward guaranteed lending will facilitate graduation of FmHA borrowers to private sector credit sources and focus FmHA staff resources on servicing requirements of its delinquent borrowers.

Nature of Change. The program level will provide 21,190 guaranteed loans in FY 1995.

- (5) An increase of \$5,143,000 for direct and \$668,000 for guaranteed soil and water loans (\$4,312,000 available in FY 1994).

Need for Change. Increases the direct and guaranteed soil and water loan programs in FY 1995 by 135 percent which will be sufficient to meet the anticipated demand resulting from the 1993 Midwest Flooding Act.

Nature of Change. The program levels will provide 483 loans in FY 1995.

- (6) An increase of \$233,000 for direct Indian tribe land acquisition loans (\$1,000,000 available in FY 1994).

Need for Change. These loans are limited to the acquisition of land within the defined boundaries of a tribe's reservation. Most of the available land has been acquired by the loans now outstanding.

Nature of Change. The level of \$1,233,000 reflects the anticipated level of loans which may be required.

- (7) An increase of \$215,000 for direct watershed protection and flood prevention loans (\$4,000,000 available in FY 1994).

Need for Change. There has been limited demand for this program in recent years. No loans were obligated in FY 1991 and FY 1993, and only two loans were obligated in FY 1992.

Nature of Change. The increase reflects the impact of inflation.

- (8) An increase of \$32,000 for direct resource conservation and development loans (\$600,000 available in FY 1994).

Need for Change. There has been limited demand for this program in recent years. No loans were obligated in FY 1991, FY 1992, or FY 1993.

Nature of Change. The increase reflects the impact of inflation.

- (9) A decrease of \$33,783,000 for credit sales of acquired property (\$123,783,000 available in FY 1994).

Need for Change. New and beginning farmers will be targeted for assistance by this program. The level requested represents the anticipated amount of direct loans made by credit sales from acquired properties in inventory.

Nature of Change. This level reflects the anticipated level of credit sales of acquired property which may be required.

- (10) A decrease of \$15,394,000 for the direct loan subsidy.

Need for Change. This estimated subsidy amount is necessary to support the direct loan obligations associated with the supportable FY 1995 loan levels.

- (11) An increase of \$11,848,000 for the guaranteed loan subsidy.

Need for Change. This estimated subsidy amount is necessary to support the guaranteed loan commitments associated with the supportable FY 1995 loan levels.

- (12) A decrease of \$49,873,000 for administrative expenses (\$275,392,000 available in FY 1994).

Need for Change. Justification for administrative expenses in the amount of \$211,488,000 and related staff-years is reflected in the Salaries and Expenses Project Statement. A balance of \$14,031,000 will be retained by the program account for obligation of program-related non recoverable costs such as appraisals and inspections.

FARMERS HOME ADMINISTRATION
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1993 Actual and Estimated 1994 and 1995

Agricultural Credit Insurance Fund
Insured Farm Ownership Loan Program

	1993 Amount	1994 Amount	1995 Amount
Alabama.....	984,000	941,000	1,016,280
Alaska.....	--	200,000	216,000
Arizona.....	431,460	463,000	500,040
Arkansas.....	1,699,970	1,452,000	1,568,160
California.....	3,173,040	3,010,000	3,250,800
Colorado.....	1,296,800	1,035,000	1,117,800
Connecticut.....	165,000	242,000	261,360
Delaware.....	310,000	245,000	264,600
Florida.....	1,172,100	1,057,000	1,141,560
Georgia.....	1,093,330	1,122,000	1,211,760
Hawaii.....	9,500	560,000	604,800
Idaho.....	791,410	896,000	967,680
Illinois.....	3,724,880	3,977,000	4,295,160
Indiana.....	2,146,690	2,471,000	2,668,680
Iowa.....	4,529,380	4,844,000	5,231,520
Kansas.....	2,836,700	2,479,000	2,677,320
Kentucky.....	1,930,180	2,010,000	2,170,800
Louisiana.....	806,400	1,009,000	1,089,720
Maine.....	208,000	299,000	322,920
Maryland.....	330,700	556,000	600,480
Massachusetts.....	99,200	293,000	316,440
Michigan.....	1,185,890	1,451,000	1,567,080
Minnesota.....	3,442,050	3,109,000	3,357,720
Mississippi.....	746,970	1,070,000	1,155,600
Missouri.....	2,813,490	2,835,000	3,061,800
Montana.....	958,780	1,077,000	1,163,160
Nebraska.....	2,864,650	2,842,000	3,069,360
Nevada.....	200,000	237,000	255,960
New Hampshire.....	65,000	321,000	346,680
New Jersey.....	470,000	403,000	435,240
New Mexico.....	869,110	542,000	585,360
New York.....	1,412,230	1,195,000	1,290,600
North Carolina.....	1,378,500	1,547,000	1,670,760
North Dakota.....	1,108,680	1,626,000	1,756,080
Ohio.....	897,400	2,319,000	2,504,520
Oklahoma.....	1,922,840	1,812,000	1,956,960
Oregon.....	929,000	886,000	956,880
Pennsylvania.....	1,826,000	1,671,000	1,804,680
Rhode Island.....	256,000	160,000	172,800
South Carolina.....	603,000	654,000	706,320
South Dakota.....	1,483,960	1,620,000	1,749,600
Tennessee.....	943,920	1,657,000	1,789,560
Texas.....	4,181,790	4,761,000	5,142,400
Utah.....	608,000	503,000	543,240
Vermont.....	398,000	411,000	443,880
Virginia.....	923,120	1,125,000	1,215,000
Washington.....	1,317,800	1,059,000	1,143,720
West Virginia.....	625,000	636,000	686,880
Wisconsin.....	3,118,030	2,635,000	2,845,800
Wyoming.....	336,000	506,000	546,480
Puerto Rico.....	1,017,820	850,000	918,000
Trust Territories..	171,500	200,000	216,000
Virgin Islands.....	0	200,000	216,000
Reserve.....	0	7,000,000	7,881,000
Total, Avail./Est..	66,813,270	78,081,000	84,649,000

FARMERS HOME ADMINISTRATION
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1993 Actual and Estimated 1994 and 1995

Agricultural Credit Insurance Fund
Guaranteed Farm Ownership Loan Program

	1993 Amount	1994 Amount	1995 Amount
Alabama.....	5,045,240	7,192,000	7,479,680
Alaska.....	--	500,000	520,000
Arizona.....	300,000	3,538,000	3,679,520
Arkansas.....	13,089,280	11,095,000	11,538,800
California.....	5,665,650	22,998,000	23,335,200
Colorado.....	13,107,850	7,910,000	8,226,400
Connecticut.....	1,627,500	1,847,000	1,920,880
Delaware.....	1,276,900	1,873,000	1,947,920
Florida.....	8,603,080	8,073,000	8,395,920
Georgia.....	17,897,680	8,576,000	8,919,040
Hawaii.....	--	4,278,000	4,449,120
Idaho.....	3,601,440	6,844,000	7,117,760
Illinois.....	16,729,130	30,386,000	31,601,440
Indiana.....	6,960,180	18,881,000	19,636,240
Iowa.....	27,455,430	37,016,000	38,496,640
Kansas.....	17,527,840	18,938,000	19,695,520
Kentucky.....	11,213,200	15,360,000	15,974,400
Louisiana.....	15,283,400	7,708,000	8,016,320
Maine.....	1,369,500	2,282,000	2,373,280
Maryland.....	3,061,700	4,246,000	4,415,840
Massachusetts.....	5,059,640	2,238,000	2,327,520
Michigan.....	15,659,330	11,086,000	11,529,440
Minnesota.....	18,294,430	23,754,000	24,704,160
Mississippi.....	7,537,400	8,178,000	8,505,120
Missouri.....	13,719,870	21,663,000	22,529,520
Montana.....	9,017,300	8,230,000	8,559,200
Nebraska.....	20,215,570	21,714,000	22,582,560
Nevada.....	344,600	1,811,000	1,883,440
New Hampshire.....	793,300	2,451,000	2,549,040
New Jersey.....	1,035,290	3,078,000	3,201,120
New Mexico.....	9,961,530	4,142,000	4,307,680
New York.....	11,194,310	9,129,000	9,494,160
North Carolina.....	21,189,030	11,821,000	12,293,840
North Dakota.....	10,048,840	12,423,000	12,919,920
Ohio.....	7,279,560	17,719,000	18,427,760
Oklahoma.....	26,345,780	13,842,000	14,395,680
Oregon.....	1,029,950	6,767,000	7,037,680
Pennsylvania.....	15,051,990	12,766,000	13,276,640
Rhode Island.....	0	1,223,000	1,271,920
South Carolina.....	3,188,100	4,994,000	5,193,760
South Dakota.....	16,629,860	12,377,000	12,872,080
Tennessee.....	5,062,370	12,662,000	13,168,480
Texas.....	14,989,960	36,396,000	37,051,840
Utah.....	2,615,242	3,843,000	3,996,720
Vermont.....	6,674,550	3,137,000	3,262,480
Virginia.....	3,983,500	8,599,000	8,942,960
Washington.....	6,133,100	8,092,000	8,415,680
West Virginia.....	3,731,800	4,862,000	5,056,480
Wisconsin.....	17,709,760	20,136,000	20,941,440
Wyoming.....	2,097,930	3,869,000	4,023,760
Puerto Rico.....	2,544,500	3,000,000	3,120,000
Trust Territories..	--	500,000	520,000
Virgin Islands.....	--	500,000	520,000
Reserve.....	--	20,000,000	20,000,000
Total, Avail./Est..	448,953,392	556,543,000	576,622,000

FARMERS HOME ADMINISTRATION
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1993 and Estimated 1994 and 1995

Agricultural Credit Insurance Fund
Insured Farm Operating Loan Program

	1993 Amount	1994 Amount	1995 Amount
Alabama.....	6,474,320	8,328,000	7,745,040
Alaska.....	--	300,000	279,000
Arizona.....	1,621,380	2,037,000	1,894,410
Arkansas.....	17,661,870	20,532,000	19,094,760
California.....	17,610,840	22,467,000	20,894,310
Colorado.....	5,912,730	8,146,000	7,575,780
Connecticut.....	153,030	680,000	632,400
Delaware.....	301,300	874,000	812,820
Florida.....	5,294,350	6,918,000	6,433,740
Georgia.....	10,559,780	13,097,000	12,180,210
Hawaii.....	875,310	1,806,000	1,679,580
Idaho.....	15,401,780	17,153,000	15,952,290
Illinois.....	14,149,670	22,550,000	20,971,500
Indiana.....	12,743,200	18,409,000	17,120,370
Iowa.....	22,555,160	32,728,000	30,437,040
Kansas.....	16,850,480	21,211,000	19,726,230
Kentucky.....	9,875,040	14,131,000	13,141,830
Louisiana.....	17,430,220	18,981,000	17,652,330
Maine.....	9,932,210	9,995,000	9,295,350
Maryland.....	1,759,780	3,073,000	2,857,890
Massachusetts.....	2,301,890	2,945,000	2,738,850
Michigan.....	13,393,780	16,046,000	14,922,780
Minnesota.....	27,325,340	33,787,000	31,421,910
Mississippi.....	26,838,950	28,481,000	26,487,330
Missouri.....	7,170,800	13,957,000	12,980,010
Montana.....	5,075,320	7,559,000	7,029,870
Nebraska.....	18,186,900	24,213,000	22,518,090
Nevada.....	2,151,800	2,694,000	2,505,420
New Hampshire.....	761,250	1,521,000	1,414,530
New Jersey.....	1,732,840	2,539,000	2,361,270
New Mexico.....	5,388,360	6,534,000	6,076,620
New York.....	15,478,960	16,751,000	15,578,430
North Carolina.....	10,854,710	14,309,000	13,307,370
North Dakota.....	18,990,510	22,721,000	21,130,530
Ohio.....	2,736,610	8,267,000	7,688,310
Oklahoma.....	18,995,040	20,792,000	19,336,560
Oregon.....	5,739,850	7,526,000	6,999,180
Pennsylvania.....	23,107,300	24,277,000	22,577,610
Rhode Island.....	262,100	636,000	591,480
South Carolina.....	8,577,710	10,317,000	9,594,810
South Dakota.....	8,164,790	11,577,000	10,766,610
Tennessee.....	7,574,860	11,342,000	10,548,060
Texas.....	86,746,930	93,333,000	85,016,690
Utah.....	6,686,680	7,768,000	7,224,240
Vermont.....	1,444,120	2,258,000	2,099,940
Virginia.....	3,484,870	6,193,000	5,759,490
Washington.....	8,828,130	10,930,000	10,164,900
West Virginia.....	3,375,550	4,586,000	4,264,980
Wisconsin.....	11,038,340	15,616,000	14,522,880
Wyoming.....	2,489,190	3,509,000	3,263,370
Puerto Rico.....	3,024,340	3,000,000	2,790,000
Trust Territories..	66,500	300,000	279,000
Virgin Islands.....	16,500	300,000	279,000
Reserve.....	0	20,000,000	17,600,000
Total, Avail./Est..	545,173,270	700,000,000	648,217,000

FARMERS HOME ADMINISTRATION
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1993 Actual and Estimated 1994 and 1995

Agricultural Credit Insurance Fund
Guaranteed Farm Operating Loan Program

	1993 Amount	1994 Amount	1995 Amount
Alabama.....	6,153,900	28,244,000	31,633,280
Alaska.....	--	800,000	896,000
Arizona.....	1,038,070	11,465,000	12,840,800
Arkansas.....	20,963,100	41,331,000	46,290,720
California.....	25,290,700	81,308,000	91,064,960
Colorado.....	19,730,520	30,278,000	33,911,360
Connecticut.....	1,491,800	6,853,000	7,675,360
Delaware.....	397,880	7,089,000	7,939,680
Florida.....	11,003,460	28,029,000	31,392,480
Georgia.....	38,985,840	34,034,000	38,118,080
Hawaii.....	233,040	15,293,000	17,128,160
Idaho.....	23,148,810	26,235,000	29,383,200
Illinois.....	38,900,780	108,082,000	121,051,840
Indiana.....	17,675,180	71,571,000	80,159,520
Iowa.....	64,168,510	135,535,000	151,799,200
Kansas.....	37,400,130	70,673,000	79,153,760
Kentucky.....	15,316,700	58,858,000	65,920,960
Louisiana.....	65,801,900	27,589,000	30,899,680
Maine.....	1,017,500	9,099,000	10,190,880
Maryland.....	4,243,830	16,237,000	18,185,440
Massachusetts.....	3,270,820	8,424,000	9,434,880
Michigan.....	32,010,530	44,689,000	50,051,680
Minnesota.....	55,786,430	92,455,000	103,549,600
Mississippi.....	46,856,940	31,675,000	35,476,000
Missouri.....	19,554,940	84,140,000	94,236,800
Montana.....	10,172,380	30,866,000	34,569,920
Nebraska.....	47,270,990	79,357,000	88,879,840
Nevada.....	1,719,280	6,707,000	7,511,840
New Hampshire.....	792,700	9,470,000	10,606,400
New Jersey.....	2,182,000	10,830,000	12,129,600
New Mexico.....	10,208,000	14,229,000	15,936,480
New York.....	18,965,540	36,843,000	41,264,160
North Carolina.....	15,232,870	45,209,000	50,634,080
North Dakota.....	24,807,770	46,716,000	52,321,920
Ohio.....	12,347,310	68,371,000	76,575,520
Oklahoma.....	42,517,930	53,618,000	60,052,160
Oregon.....	8,929,420	27,105,000	30,357,600
Pennsylvania.....	12,126,320	49,845,000	55,826,400
Rhode Island.....	0	4,623,000	5,177,760
South Carolina.....	8,241,310	19,536,000	21,880,320
South Dakota.....	37,160,000	46,509,000	52,090,080
Tennessee.....	11,767,940	50,146,000	56,163,520
Texas.....	109,328,960	135,954,000	156,268,480
Utah.....	3,185,110	14,624,000	16,378,880
Vermont.....	8,680,050	12,241,000	13,709,920
Virginia.....	4,412,000	33,675,000	37,716,000
Washington.....	17,987,540	30,977,000	34,694,240
West Virginia.....	4,293,850	18,944,000	21,217,280
Wisconsin.....	38,260,110	81,746,000	91,555,520
Wyoming.....	11,616,200	14,773,000	16,545,760
Puerto Rico.....	694,000	3,500,000	3,920,000
Trust Territories..	0	800,000	896,000
Virgin Islands.....	0	800,000	896,000
Reserve.....	0	32,000,000	35,840,000
Total, Avail./Est..	1,013,340,890	2,050,000,000	2,300,000,000

FARMERS HOME ADMINISTRATION
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1993 Actual and Estimated 1994 and 1995

Agricultural Credit Insurance Fund
Emergency Loan Program

	1993 Amount	1994 Amount	1995 Amount
Alabama.....	\$118,630	--	--
Alaska.....	--	--	--
Arizona.....	201,110	--	--
Arkansas.....	651,960	--	--
California.....	500,000	--	--
Colorado.....	308,920	--	--
Connecticut.....	--	--	--
Delaware.....	--	--	--
Florida.....	8,991,330	--	--
Georgia.....	3,583,240	--	--
Hawaii.....	962,110	--	--
Idaho.....	921,290	--	--
Illinois.....	165,390	--	--
Indiana.....	570,570	--	--
Iowa.....	116,970	--	--
Kansas.....	452,570	--	--
Kentucky.....	559,470	--	--
Louisiana.....	407,760	--	--
Maine.....	2,846,210	--	--
Maryland.....	0	--	--
Massachusetts.....	50,290	--	--
Michigan.....	6,184,750	--	--
Minnesota.....	662,150	--	--
Mississippi.....	629,230	--	--
Missouri.....	144,160	--	--
Montana.....	266,060	--	--
Nebraska.....	223,000	--	--
Nevada.....	922,240	--	--
New Hampshire.....	0	--	--
New Jersey.....	2,225,370	--	--
New Mexico.....	0	--	--
New York.....	12,170,010	--	--
North Carolina.....	282,170	--	--
North Dakota.....	16,880	--	--
Ohio.....	39,400	--	--
Oklahoma.....	1,708,070	--	--
Oregon.....	430,410	--	--
Pennsylvania.....	994,370	--	--
Rhode Island.....	60,260	--	--
South Carolina.....	0	--	--
South Dakota.....	848,980	--	--
Tennessee.....	318,770	--	--
Texas.....	3,139,950	--	--
Utah.....	175,630	--	--
Vermont.....	0	--	--
Virginia.....	98,280	--	--
Washington.....	157,820	--	--
West Virginia.....	121,210	--	--
Wisconsin.....	4,649,190	--	--
Wyoming.....	72,850	--	--
Puerto Rico.....	206,550	--	--
Trust Territories..	451,500	--	--
Virgin Islands.....	0	--	--
Total, Avail./Est..	58,607,080	180,000,000 a/b/	100,000,000 a/

a/ Cannot be distributed by geographic area in advance.

b/ Includes \$80,000,000 authorized by the Dire Emergency Supplemental Appropriation Act, P.L. 102-368, dated September 23, 1992, to provide assistance to distressed communities as a result of natural disasters.

FARMERS HOME ADMINISTRATION
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1993 Actual and Estimated 1994 and 1995

Agricultural Credit Insurance Fund
Insured Soil and Water Loan Program

	1993 Amount	1994 Amount	1995 Amount
Alabama.....	3,180	--	--
Arizona.....	50,000	--	--
Arkansas.....	168,120	--	--
California.....	129,500	--	--
Colorado.....	--	--	--
Connecticut.....	--	--	--
Florida.....	10,000	--	--
Georgia.....	96,310	--	--
Idaho.....	83,000	--	--
Illinois.....	15,200	--	--
Indiana.....	--	--	--
Iowa.....	18,700	--	--
Kansas.....	163,050	--	--
Kentucky.....	85,630	--	--
Louisiana.....	--	--	--
Maryland.....	50,000	--	--
Massachusetts.....	94,000	--	--
Michigan.....	--	--	--
Minnesota.....	19,000	--	--
Mississippi.....	2,200	--	--
Missouri.....	52,030	--	--
Montana.....	18,570	--	--
Nebraska.....	24,700	--	--
Nevada.....	--	--	--
New Hampshire.....	--	--	--
New Jersey.....	51,000	--	--
New Mexico.....	20,500	--	--
New York.....	--	--	--
North Carolina.....	30,000	--	--
North Dakota.....	17,000	--	--
Oklahoma.....	9,750	--	--
Oregon.....	216,600	--	--
Pennsylvania.....	198,550	--	--
Rhode Island.....	100,000	--	--
South Carolina.....	--	--	--
South Dakota.....	10,800	--	--
Tennessee.....	10,000	--	--
Texas.....	98,000	--	--
Utah.....	122,750	--	--
Vermont.....	70,340	--	--
Washington.....	62,040	--	--
West Virginia.....	--	--	--
Wisconsin.....	--	--	--
Wyoming.....	--	--	--
Virgin Island.....	0	--	--
Total, Avail./Est..	2,100,520	2,897,000 a/	8,040,000 a/

Guaranteed Soil and Water Loan Program

Arkansas.....	27,000	--	--
Georgia.....	19,000	--	--
New Mexico.....	50,000	--	--
Pennsylvania.....	50,000	--	--
Texas.....	44,640	--	--
Utah.....	50,000	--	--
Total, Avail./Est..	240,640	1,415,000 a/	2,081,000 a/

a/ Cannot be distributed by geographic area in advance.

RURAL DEVELOPMENT ADMINISTRATION
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1993 and Estimated 1994 and 1995

Insured Watershed and Flood Prevention Loans

	1993 Amount	1994 Amount	1995 Amount
	<u> </u>	<u> </u>	<u> </u>
	--	--	--
	<u> </u>	<u> </u>	<u> </u>
Total Avail./Est...	0	4,000,000 a/	4,215,000 a/

a/ Cannot be distributed by geographic area in advance.

Insured Resource Conservation Development Loans

	--	--	--
	<u> </u>	<u> </u>	<u> </u>
Total Avail./Est...	0	6,000,000 a/	632,000 a/

a/ Cannot be distributed by geographic area in advance.

FARMERS HOME ADMINISTRATION
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1993 Actual and Estimated 1994 and 1995

Agricultural Credit Insurance Fund
Credit Sales of Inventory Property

	1993 Amount	1994 Amount	1995 Amount
Alabama.....	295,350	107,000	78,110
Alaska.....	31,500	0	0
Arizona.....	1,372,650	3,463,000	2,527,990
Arkansas.....	2,153,600	2,162,000	1,578,260
California.....	877,790	8,556,000	6,245,880
Colorado.....	3,203,020	3,988,000	2,911,240
Connecticut.....	0	0	0
Delaware.....	0	90,000	65,700
Florida.....	921,810	3,819,000	2,787,870
Georgia.....	2,017,350	2,376,000	1,734,480
Hawaii.....	86,500	0	0
Idaho.....	1,176,180	1,987,000	1,450,510
Illinois.....	413,840	849,000	619,770
Indiana.....	205,060	827,000	603,710
Iowa.....	5,911,465	6,853,000	5,002,690
Kansas.....	1,296,600	1,808,000	1,319,840
Kentucky.....	401,600	388,000	283,240
Louisiana.....	528,770	2,463,000	1,797,990
Maine.....	136,380	240,000	175,200
Maryland.....	0	0	0
Massachusetts.....	195,000	236,000	172,280
Michigan.....	639,820	2,307,000	1,684,110
Minnesota.....	1,783,010	7,964,000	5,813,720
Mississippi.....	1,337,400	4,075,000	2,974,750
Missouri.....	2,273,520	4,320,000	3,153,600
Montana.....	893,140	3,378,000	2,465,940
Nebraska.....	1,981,790	2,833,000	2,068,090
Nevada.....	0	155,000	113,150
New Hampshire.....	0	0	0
New Jersey.....	0	397,000	289,810
New Mexico.....	1,262,830	2,093,000	1,527,890
New York.....	208,400	3,492,000	2,549,160
North Carolina.....	933,500	3,002,000	2,191,460
North Dakota.....	1,947,400	6,259,000	4,569,070
Ohio.....	457,250	145,000	105,850
Oklahoma.....	1,719,430	5,203,000	3,798,190
Oregon.....	468,300	1,958,000	1,429,340
Pennsylvania.....	550,450	666,000	486,180
Rhode Island.....	0	0	0
South Carolina.....	315,320	1,684,000	1,229,320
South Dakota.....	816,510	4,633,000	3,382,090
Tennessee.....	751,180	351,000	256,230
Texas.....	648,820	3,074,000	2,244,020
Utah.....	470,770	317,000	231,410
Vermont.....	0	447,000	326,310
Virginia.....	258,750	1,053,000	768,690
Washington.....	4,969,930	5,212,000	3,443,170
West Virginia.....	474,950	127,000	92,710
Wisconsin.....	1,004,760	2,218,000	1,619,140
Wyoming.....	904,200	1,449,000	1,057,770
Puerto Rico.....	981,510	2,445,000	1,784,850
Reserve.....	0	12,314,000	8,989,220
Total, Avail./Est..	49,277,405	123,783,000	90,000,000

FARMERS HOME ADMINISTRATION

The 1995 Budget Estimates include proposed language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Agricultural Resource Conservation Demonstration [Guaranteed Loan] Program

For [loan guarantees] gross obligations for the principal amount of guaranteed loans, authorized under sections 1465-1469 for Public Law 101-624 for the Agricultural Resource Conservation Demonstration Program, [~~\$6,799,000~~] \$5,599,000.

For the cost of guaranteed loans, including the cost of modifying loans, as defined in section 502 of the Congressional Budget Act of 1974, [~~\$3,599,000~~] \$3,086,000.

AGRICULTURAL RESOURCE CONSERVATION DEMONSTRATION PROGRAM
(On basis of loan level, subsidy, and administration expenses)
(In thousands of dollars)

	<u>Loan Level</u>	<u>Subsidy</u>	<u>Administrative Expenses</u>
Appropriations Act, 1994.....	\$6,799	\$3,599	0
Budget Estimate, 1995.....	5,599	3,086	0
Decrease in Appropriation.....	-1,200	-513	0

PROJECT STATEMENT

(On basis of appropriated loan level, subsidy, and administrative expenses)
(In thousands of dollars)

Project	1993 Actual	1994 Appropriated	Decrease	1995 Estimated
Agricultural Resource Conservation Demonstration Program:				
Guaranteed loans.....	\$6,875	\$6,799	-\$1,200 (1)	\$5,599
Guaranteed loan subsidy.....	3,644	3,599	-513 (2)	3,086
Administrative expenses.....	0	0	0	0

Staff-years are reflected in the Salaries and Expense Project Statement.

Note - Under the Secretary's proposed reorganization plan this account will be part of Farm Service Agency.

PROJECT STATEMENT

(On basis of 1994 loan level and subsidy supportable
under 1994 Appropriation Act)
(In thousands of dollars)

Item of Change	1994 Appropriated	Decrease	1994 Current Estimate
Agricultural Resource Conservation Demonstration Program:			
Guaranteed loan.....	\$6,799	-\$338	\$6,461
Guaranteed loan subsidy.....	3,599	0	3,599

EXPLANATION OF PROGRAM

The Farms for the Future Act of 1990 (section 1465 of P.L. 101-624) as amended, by section 203 of P.L. 102-237, the Food, Agriculture, Conservation, and Trade Act

Amendments of 1991 provided for the issuance of loan guarantees and interest assistance on loans made to state trust funds to assist eligible states in financing a farmland protection effort to preserve vital farmland resources for future generations. Each guarantee shall be for a ten year period covering 100 percent of both principal and interest due. The Secretary shall pay all the interest due for the first five years and no less than three percentage points of the interest for the next five years. The interest rate is negotiated between the borrower and lender, except that no eligible loan shall bear an interest rate in excess of 10 percent per year. The maximum allowable Federal loan guarantee is no more than double the amount that the eligible state makes available for acquiring and preserving farmland, up to a maximum of \$10 million per year, to each eligible state, through September 30, 1996.

Justification of Decrease

- (1) A decrease of \$1,200,000 for agricultural resource conservation loans (\$6,799,000 available in FY 1994).

Need for Change. The Budget proposes a reduction in the amount available for guaranteed loans. The reduction in program level is a result of the proposal to fund subsidy costs at the prior year level. Since the actual costs to subsidize this program have increased from last year due to inflation and interest rate changes, a smaller loan level will be achieved.

Nature of Change. The program level will provide 1 loan in FY 1995.

- (2) A decrease of \$513,000 for the guaranteed loan subsidy (\$3,599,000 available in FY 1994).

Need for Change. This estimated subsidy amount is necessary to support the guaranteed loan commitments associated with the supportable FY 1995 loan level.

FARMERS HOME ADMINISTRATION

The 1995 Budget Estimates include language for this item as follows (deleted matter enclosed in brackets):

State Mediation Grants:

[For grants pursuant to section 502(b) of the Agricultural Credit Act of 1987, as amended (7 U.S.C. 5101-5106), \$3,000,000.]

This change eliminates the appropriation language for this program. No appropriation is requested in fiscal year 1995.

State Mediation Grants

Appropriations Act, 1994.....	\$3,000,000
Budget Estimate, 1995.....	0
Decrease in Appropriation.....	<u>-3,000,000</u>

PROJECT STATEMENT

(On basis of adjusted appropriation)

Project	: 1993 Actual	: 1994 Appropriation:	: Decrease	: 1995 Estimated
State mediation grants,	:	:	:	:
appropriation.....	\$2,986,000	\$3,000,000	-\$3,000,000	\$0

Staff-years are reflected in the Salaries and Expenses Project Statement.

Note - Under the Secretary's proposed reorganization plan this account will be part of Farm Service Agency.

EXPLANATION OF PROGRAM

This program is authorized under Title V of the Agricultural Credit Act of 1987. Grants are made to states which have been certified by FmHA as having an agricultural loan mediation program. Grants will be solely for operation and administration of the state's agricultural loan mediation program. A grant will not exceed 70 percent of the total fiscal year funds that a qualifying state requires to operate and administer its agricultural loan mediation program. In no case will the total amount of a grant exceed \$500,000 annually.

JUSTIFICATION OF DECREASE

A decrease of \$3,000,000 for state mediation grants (\$3,000,000 available in FY 1994).

Need for Change. This program was enacted in response to the farm credit crises in the 1980's. The crises is over and Federal contributions to states is no longer warranted.

Nature of Change. No funds are proposed for this program in FY 1995.

FARMERS HOME ADMINISTRATION
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1993 Actual and Estimated 1994 and 1995

State Mediation Program

	1993 Amount	1994 Amount	1995 Amount
Alabama.....	171,430	126,260	--
Arizona.....	53,350	46,670	--
Arkansas.....	81,990	82,500	--
Indiana.....	130,540	54,060	--
Iowa.....	194,800	182,040	--
Kansas.....	387,760	271,390	--
Minnesota.....	330,000	319,410	--
Nebraska.....	194,310	205,220	--
Nevada.....	5,000	5,000	--
New Mexico.....	117,540	113,220	--
North Dakota.....	389,090	500,000	--
Oklahoma.....	153,810	181,660	--
Oregon.....	52,000	9,610	--
South Dakota.....	58,570	57,130	--
Texas.....	454,455	500,000	--
Utah.....	15,000	5,000	--
Wisconsin.....	176,200	100,230	--
Wyoming.....	20,000	10,150	--
Reserve.....	--	230,450	--
Total, Avail./Est..	2,985,845	3,000,000	--

Indian Land Acquisition Loan Program

Idaho.....	767,450	--	--
Oklahoma.....	92,000	--	--
Total, Avail./Est...	859,450	1,000,000 a/	1,233,000 a/

a/ Cannot be distributed by geographic area in advance.

Guaranteed Agricultural Resource Conservation
Demonstration Loans

Vermont.....	\$6,875,000	--	--
	6,875,000	6,799,000 a/	5,599,000 a/

a/ Cannot be distributed by geographic area in advance.

FARMERS HOME ADMINISTRATION

The 1995 Budget Estimates include proposed language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Outreach [and Technical Assistance Grants] for Socially Disadvantaged Farmers

For grants and contracts pursuant to section 2501 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279), [~~\$3,000,000~~]
\$5,000,000, to remain available until expended.

Outreach and Technical Assistance Grants for Socially Disadvantaged Farmers

Appropriation Act, 1994.....	\$3,000,000
Budget Estimate, 1995.....	<u>5,000,000</u>
Increase in Appropriation.....	<u>2,000,000</u>

PROJECT STATEMENT
 (On basis of appropriation)

Project	: 1993 Actual	: 1994 Appropriated:	: Increase	: 1995 Estimated
Outreach and technical assistance grants for socially disadvantaged farmers, appropriation.....	:	:	:	:
	0	\$3,000,000	\$2,000,000	\$5,000,000

Staff-years are reflected in the Salaries and Expenses Project Statement.

Note - Under the Secretary's proposed reorganization plan this account will be part of Farm Service Agency.

EXPLANATION OF PROGRAM

This grant program is authorized under section 2501 of the Food, Agriculture, Conservation, and Trade Act of 1990. The Secretary of Agriculture is empowered to make grants to eligible community based organizations with demonstrated expertise in providing agricultural education or other agricultural related services to socially disadvantaged groups. Also eligible are the 1890 Land-Grant Colleges including Tuskegee Institute, Indian tribal community colleges, Hispanic servicing post-secondary educational institutions, post-secondary educational institutions having the required expertise.

Justification of Increase

An increase of \$2,000,000 for socially disadvantaged farmers outreach and technical assistance grants (\$3,000,000 available in FY 1994).

Need for change. The increase is needed to insure that socially disadvantaged groups are receiving the benefits of the agricultural programs carried out by the Department of Agriculture.

Nature of Change. The funding is provided for outreach and assistance programs which will bring more farmers and ranchers included in the socially disadvantaged groups into the mainstream of the agricultural programs that are part of the Department of Agriculture.

Geographic breakdown of estimated obligations of \$3,000,000 for fiscal year 1994 and \$5,000,000 for fiscal year 1995 cannot be distributed in advance.

FARMERS HOME ADMINISTRATION

The 1995 Budget Estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Rural Housing Insurance Fund Program Account:

For gross obligations for the principal amount of direct and guaranteed loans as authorized by title V of the Housing Act of 1949, as amended, to be available from funds in the Rural Housing Insurance Fund, as follows:
 [\$2,550,000,000] \$3,100,000,000 for loans to section 502 borrowers, as determined by the Secretary, of which [\$750,000,000] \$1,300,000,000 shall be for unsubsidized guaranteed loans; \$35,000,000 for section 504 housing repair loans; [\$16,300,000] \$16,482,000 for section 514 farm labor housing;
 1 [\$540,107,000] \$220,000,000 for section 515 rental housing, of which \$20,000,000 shall be made available for empowerment zones and enterprise communities authorized by subchapter C of title XIII of the Omnibus Budget Reconciliation Act of 1993; [\$600,000] \$632,000 for site loans; and [\$133,000,000] \$175,776,000 for credit sales of acquired property: Provided, That up to [\$50,664,000] \$48,650,000 of these funds shall be made available for section 502(g), Deferral Mortgage Demonstration.

For the cost of direct and guaranteed loans, including the cost of modifying loans, as defined in section 502 of the Congressional Budget Act of 1974, as follows: [low-income housing] section 502 loans, [\$366,360,000] \$187,960,000, of which [\$12,225,000] \$22,360,000 shall be for unsubsidized guaranteed loans; section 504 housing repair loans, [\$13,671,000] \$11,690,000; section 514 farm labor housing, [\$8,394,000] \$8,193,000; section 515 rental housing, [\$309,967,000] \$115,500,000; and credit sales of acquired property, [\$20,242,000] \$14,484,000: Provided, That section 502 direct loans and credit sales of section 502 acquired property shall be made on the basis that borrowers shall pay an amount corresponding to 30 percent of their adjusted family income; and Provided further, That section 502 unsubsidized guaranteed loans shall require a loan origination fee of one percent and that the amount collected shall be available for administrative expenses.

In addition, for administrative expenses necessary to carry out the direct and guaranteed loan programs, [\$396,161,000] \$408,065,000.

The first change is for the purpose of providing additional language for the direct section 515 rental housing program to include the targeting of \$20,000,000 of the program's loan level towards empowerment zones and enterprise communities.

The second change is proposed to reflect that the subsidy loan costs associated with the section 502 program (principally the guaranteed loan program) are not limited exclusively to low-income borrowers.

The third change is being requested to reduce the subsidy budget authority requirements associated with the section 502 direct loan program by increasing borrowers' loan payments to 30% of their income (not to exceed the full note rate amount); and to institute a 1% origination fee in conjunction with the section 502 guaranteed loan program to be made available for administrative expenses. In addition, this change is proposed to authorize that credit sale purchasers of acquired section 502 properties will also be required to make loan payments based on 30% of their adjusted family income (not to exceed the full note rate amount).

RURAL HOUSING INSURANCE FUND PROGRAM ACCOUNT

(On basis of loan levels, subsidies, and administrative expenses)
 (In thousands of dollars)

	<u>Loan Level</u>	<u>Subsidy</u>	<u>Administrative Expenses</u>
Appropriations Act, 1994.....	\$3,275,007	\$718,634	\$396,161
Budget Estimate, 1995.....	<u>3,547,890</u>	<u>337,827</u>	<u>408,065</u>
Change in Amount.....	<u>272,883</u>	<u>-380,807</u>	<u>11,904</u>
	=====	=====	=====

PROJECT STATEMENT
(On basis of appropriated loan levels, subsidies and administrative expenses)
(In thousands of dollars)

Item of Change	1993 Actual		1994 Appropriated		Increase or Decrease		1995 Estimate	
	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy
Single family housing:								
Direct loans.....	\$1,291,308	\$242,117	\$1,800,000	\$354,135	0	\$-188,535	\$1,800,000	\$165,600
Guaranteed loans unsubsidized.....	539,839	9,974	750,000	12,225	\$550,000 (1)	10,135	1,300,000	22,360
Guaranteed loans subsidized.....	--	--	--	--	--	--	--	--
Multi-family housing direct loans.....	573,857	284,328	540,107	309,967	-320,107 (2)	-194,467	220,000	115,500
Housing Repair direct loans.....	11,330	4,336	35,000	13,671	0	-1,981	35,000	11,690
Farm labor housing direct loans.....	16,300	7,412	16,300	8,394	182 (3)	-201	16,482	8,193
Site development direct loans.....	600	0	600	0	32 (4)	0	632	0
Credit sales of acquired property.....	161,925	18,644	133,000	20,242	42,776 (5)	-5,758	175,776	14,484
Unobligated balance, expired.....	68,471	7,953	--	--	--	--	--	--
Total:								
Direct loans and subsidies.....	2,084,130	564,092	2,525,007	706,409	-277,117	-390,942 (6)	2,247,890	315,467
Guaranteed unsubsidized loans and subsidies.....	579,500	10,672	750,000	12,225	550,000	10,135 (7)	1,300,000	22,360
Guaranteed subsidized loans and subsidies.....	--	--	--	--	--	--	--	--
Total Loans and subsidies.....	2,663,630	574,764	3,275,007	718,634	272,883	-380,807	3,547,890	337,827
Administrative expenses.....		401,637		396,161				408,065
Unobligated balance, expired.....		25,374		--				--
Total administrative expenses a/.....		427,011		396,161		11,904 (8)		408,065
Total, Appropriation.....	2,663,630	1,001,775	3,275,007	1,114,795	272,883	-368,903	3,547,890	745,892
FY 1992 Emergency Supplemental:								
Actual obligations.....	513	190						
Unobligated balance, expired.....	12,987	6,210						
FY 1993 Flood Supplemental:								
Unobligated balance, unexpired.....	15,000	5,985						
Avail. carryover (expired 6/30/94).....			15,000	5,985				
Rescission Proposal.....			0	-15,645				
Total, President's Budget.....			3,290,007	1,105,135			3,547,890	745,892

Staff-years are reflected in the Salaries and Expenses Project Statement.

Note: Under the Secretary's proposed reorganization plan, this account will be part of the Rural Housing and Community Development Service. a/ Of the \$427,011,000 for administrative expenses in FY 1993, \$22,265,000 was retained for obligation of program-related nonrecoverable costs. Of the \$396,161,000 in FY 1994, \$21,906,000 will be retained for obligation of program-related nonrecoverable costs. Of the \$408,065,000 in FY 1995, \$15,563,000 will be retained for obligation of program-related nonrecoverable costs. In addition to the \$15,563,000 for nonrecoverable costs in FY 1995, \$13,000,000 of spending authority from offsetting collections, derived from a proposed 1% guaranteed loan origination fee, shall be available for such nonrecoverable costs.

PROJECT STATEMENT

(On basis of 1994 loan levels supportable under
subsidies provided in 1994 Appropriations Act)
(In thousands of dollars)

Item of Change	1994 Appropriated Levels			Increase or Decrease			1994 Supportable Levels		
	Loan Level	Subsidy		Loan Level	Subsidy		Loan Level	Subsidy	
Single family housing:									
Direct loans.....	\$1,800,000	\$354,135		7,734	0		\$1,807,734	\$354,135	
Guaranteed loans unsubsidized.....	750,000	12,225		-22,321	0		727,679	12,225	
Guaranteed loans subsidized.....	0	0		0	0		0	0	
Multi-family housing:									
Direct loans.....	540,107	309,967		27,910	0		568,017	309,967	
Housing repair:									
Direct loans.....	35,000	13,671		3,380	0		38,380	13,671	
Farm labor housing:									
Direct loans.....	16,300	8,394		997	0		17,297	8,394	
Site loans:									
Direct loans.....	600	0		0	0		600	0	
Credit sales of acquired property.....	133,000	20,242		-7,351	0		125,649	20,242	
Total:									
Direct loans and subsidies.....	2,525,007	706,409		32,670	0		2,557,677	706,409	
Guaranteed unsubsidized loans									
and subsidies.....	750,000	12,225		-22,321	0		727,679	12,225	
Guaranteed subsidized loans									
and subsidies.....	0	0		0	0		0	0	
Total loans and subsidies.....	3,275,007	718,634		10,349	0		3,285,356	718,634	
Carryover from FY 1993 Flood Supplemental..	15,000	5,985		0	\$-642		15,000	5,343	
Rescission proposal.....	0	-15,645		0	0		-34,911	-15,645	
Total Budget Resources Available.....	3,290,007	708,974		10,349	-642		3,265,445	708,332	
Staff-years are reflected in the Salaries and Expenses Project Statement.									

Note: Current Estimate of supportable loan levels is based on the second quarter estimates of subsidy rates and assumes the full utilization of appropriated subsidy budget authority. Subsidy rates change each quarter for changes in Treasury discount rates.

Where loan levels are reduced, the calculated subsidy rate has increased so that the appropriated subsidy cannot support the appropriated loan level. Where loan levels are increased, the calculated subsidy rate has decreased so that the appropriated subsidy can support a deliverable program level greater than the appropriated loan level.

EXPLANATION OF PROGRAM

As required by Title XIII, section 13201, of the Omnibus Budget Reconciliation Act of 1990, this account records the subsidy costs associated with the direct loan obligations and guaranteed loan commitments of this account in FY 1992 and beyond. Subsidy amounts are obtained by estimating the difference between the net present value of the Government's disbursements and receipts resulting from direct and guaranteed loans made through this account. For the requested FY 1995 direct loans of \$2,247,890,000 and guaranteed loans of \$1,300,000,000, the associated lifetime subsidy is estimated to be \$315,467,000 and \$22,360,000, respectively.

The Rural Housing Insurance Fund (RHIF) was established under the authority contained in section 1003(a) of the Housing and Urban Development Act of 1965 (Public Law 89-117), enacted August 10, 1965. Public Law 89-117 authorized an appropriation of such sums as may be necessary for the purposes of the fund. An Appropriation of \$100,000,000 was provided by the Supplemental Appropriation Act, 1966, (Public Law 89-309), to capitalize the fund for future operations.

Public Law 89-117 transferred authorities for making insured farm labor housing loans and insured rural rental or cooperative housing loans from the Agricultural Credit Insurance Fund to the Rural Housing Insurance Fund. Public Law 90-448, approved August 1, 1968, authorized interest credits to the accounts of certain qualified borrowers. Public Law 91-152, approved December 24, 1969, transferred the assets, liabilities, and authorizations of the Rural Housing Direct Loan Account to the Rural Housing Insurance Fund.

For other legislative information on the Rural Housing Insurance Fund and FmHA's housing program authorities, title V of the Housing Act of 1949, as amended, serves as the Agency's primary source of substantive housing legislation.

Rural housing building and repair loans (Section 502 of the Housing Act of 1949, as amended) - Loans are made to enable eligible low-income applicants to purchase, construct, improve, alter, repair or replace dwellings in rural areas, if their need for necessary housing cannot be met with financial assistance from other sources. Not less than 40 percent of the funding authorized nationally shall be set aside and not less than 30 percent in each State will be available for very low-income families. These loans bear a note rate based on the cost-of-money to the Treasury with provisions for interest credit, which may reduce the interest rate to as low as 1 percent under certain circumstances. Such loans may not exceed amounts necessary to provide adequate housing which is modest in size, design, and cost.

Building loans are made to farm owners, owners of other real estate in rural areas, others who are or will become rural residents, and long-term leaseholders. These loans are generally repayable in not more than 33 years; however, persons whose incomes do not exceed 60 percent of the median income for the area could receive loans with maturities of up to 38 years.

Rural housing very low-income repair loans (Section 504 of the Housing Act of 1949, as amended) - Loans are authorized to be made to very low-income individuals and families to repair or rehabilitate their dwellings. The loans are made at 1 percent for a term of not more than 20 years and presently have a maximum loan amount of \$15,000.

Rural rental and cooperative building loans (Section 515 of the Housing Act of 1949, as amended) - Loans are authorized to be made to individuals, corporations, Indian tribes, associations, public bodies, trusts, or partnerships to provide moderate cost rental or cooperative housing and related facilities for elderly or handicapped persons or families and other persons of low-, very low-, and moderate-income in rural areas. Priority for rural rental housing loans is for applicants proposing to serve low- and very low-income families and persons in most rural areas. These loans are repayable in not more than 50 years and currently bear a note rate based on the cost-of-money to the Treasury with provision for interest credits to benefit tenants by reducing the interest rate to as low as 1 percent under certain circumstances. These loans are made only if the need for necessary housing cannot be met with financial assistance from other sources except in the case of public bodies. The Farmers Home Administration has in the past made its rural rental housing loans in conjunction with the Department of Housing and Urban Development's Section 8 rent subsidy program. Loans made for units that have received Section 8 assistance bear an interest rate that is reduced either 1 percent or 2 percent below

the unsubsidized rate, depending upon the circumstances of the individual project.

Rural housing site loans (Section 524 of the Housing Act of 1949, as amended) - Loans are made for the purchase and development of land to be subdivided into building sites for low- to moderate-income housing borrowers and rural rental and cooperative housing borrowers. Loans are made at a note rate based on the cost-of-money to the Treasury and are repayable in 2 years.

Farm labor housing loans (Section 514 of the Housing Act of 1949, as amended) - Loans are authorized to be made to a farm owner, to certain public or broad-based private nonprofit organizations, public bodies, or to a nonprofit organization of farmworkers to provide most living quarters, basic household furnishings, and related facilities, including land necessary for an adequate site, for domestic farm labor. Loans will be made based on a determination of need considering housing needs of domestic farm labor, including migrant farmworkers in the area without regard to other housing needs in the area. These loans are repayable in not more than 33 years and bear interest not in excess of 1 percent, except under certain circumstances. Loans to organizations may be made simultaneously with farm labor housing grants which are discussed elsewhere in these justifications.

JUSTIFICATION OF INCREASES AND DECREASES

FmHA's Rural Housing Program proposals represent the Administration's initiative to revitalize rural America by helping people who cannot obtain credit elsewhere invest in the American dream of homeownership. For FY 1995, the Budget proposes to increase the number of rural Americans served by our programs by almost 6,000 individuals and/or families. This will be achieved by channelling more resources into programs which provide housing in rural areas in the most cost effective manner. Because of the leveraging benefits of credit programs, the cost of our programs is \$338 million, a decrease of \$381 million from the FY 1994 level, and the program level is \$3.5 billion, an increase of \$273 million.

FmHA's rural housing programs offer a variety of assistance to low- and very low-income clientele through a mix of direct loan, grant, and rental assistance programs. In addition, under FmHA's section 502 guaranteed loan program, the Agency will substantially expand its use of private sector resources to originate and service loans to provide modest housing to the lower range of moderate-income borrowers. The Budget Request proposes to support an estimated 116,861 housing units in 1995, of which 67,200 are assisted through direct and guaranteed loans under this account. This request reflects an increase of an estimated 5,890 total housing units over 1994 appropriated levels.

An important component of the Budget Request is the proposed increase of \$10 million in budget authority in the section 502 guaranteed loan program. This increase leverages the financing of an additional \$550 million in guarantees to assist an additional 8,270 units above the 1994 level. The guaranteed loan level requested represents a 73% increase above the 1994 appropriated level, which was an increase of 29% above the 1993 level. In four years, the guaranteed program will have grown from a 660 unit pilot program to a 20,320 unit program that complements the 28,790 unit direct loan program. The increase is justified as the demand for the guaranteed program has grown significantly and has gained considerable private lender and secondary market acceptance as well. The request for an expanded guaranteed program to meet a ready demand is in keeping with the Administration's belief that government is a partner with the private sector working for growth. Unsubsidized guaranteed loans are an inexpensive way to help meet the housing needs of rural America. The rise in the guaranteed program has been accomplished at a modest budgetary cost of \$1,100 per unit.

The Budget Request proposes the continuation of the section 502 direct loan program at the same level as appropriated in FY 1994 to enable more individuals and families in rural America to experience the pride of homeownership. This higher level represents over a \$500 million increase above the levels of the 1990 through 1993 period. With the proposed level in 1995, 28,790 new borrowers will receive an opportunity to own a modest home and to build equity. In conjunction with maintaining the \$1.8 billion direct loan program level, the Administration proposes to substantially reduce the budgetary cost of this program by requiring borrowers to contribute 30 percent of their adjusted income towards their housing costs under the interest credit mechanism of the program.

To help very low-income homeowners, the direct section 504 direct loan program has also been proposed at the same level as appropriated in FY 1994, which is over a 200% increase above the 1993 level. With this proposed program level, an estimated 7,410 units occupied by very low-income residents can be assisted through loans to make repairs to their homes to remove health hazards to themselves or their communities, or to otherwise make the dwellings more habitable. The incremental costs of this program initiative are justified by the widely dispersed impacts that can be made in our rural communities as program participants improve their housing through this program and the related housing repair grant program.

In proposing to continue the Agency's farm labor housing and site development loan programs at basically the same levels as in the 1994 Budget, in conjunction with the proposed program increases mentioned above, FmHA continues to respond to rural families in financial need, giving hope to hard-working rural people by providing assistance in obtaining decent, safe and sanitary housing.

In addition, the Budget Request proposes to continue providing assistance through the multi-family housing loan and rental assistance programs to those whose incomes cannot support repayment of a housing purchase or where homeownership for any other reason is not the most viable means of meeting an individual's or family's housing needs. The section 515 program has been substantially reduced, however, because of vacancies within existing 515 projects and the need to redirect resources to rental assistance which supports existing 515 projects where tenants are paying more than 30 percent of their income for rent and qualify for rental assistance but have not been receiving it.

- (1) An increase of \$550,000,000 in unsubsidized guaranteed single family housing loans (\$750,000,000 available in FY 1994).

Need for Change. The Budget proposes to increase guaranteed loans as a part of its major initiative to increase and broaden its impact on revitalizing housing in rural areas. The guaranteed program is proposed for a substantial increase in funding in order to meet the rising demand and increased interest in this program by lenders and prospective homeowners.

Nature of Change. The Budget proposes an increase in the guaranteed single family housing loan program as part of the Administration's efforts to assist rural home owners. The proposed program level will finance an estimated 20,320 units without interest assistance in FY 1995, an increase of 8,270 units over the FY 1994 projected units.

- (2) A decrease of \$320,107,000 in direct multi-family housing loans (\$540,107,000 available in FY 1994).

Need for Change. The Budget proposes to decrease direct rental housing loans as a part of the Department's response to the current and prospective budgetary constraints.

Nature of Change. The Budget proposes a decrease in the direct rental housing loan program as part of the Administration's efforts to reduce budgetary outlays. This loan program, while being high cost in terms of loan subsidy requirements, is also heavily dependent on additional subsidies provided through rental assistance to insure occupancy. The greatest budgetary savings were derived through reductions in the section 515 loan and new construction rental assistance programs. The reduced program level will, nevertheless, continue to be targeted to the lowest income areas with the greatest need. The proposed program level will finance an estimated 5,270 units in FY 1995, a decrease of 8,730 units from the FY 1994 projected units.

- (3) An increase of \$182,000 in direct farm labor housing loans (\$16,300,000 available in FY 1994).

Need for Change. The Budget proposes to increase the direct farm labor housing loan program. The Administration continues to recognize the need of farm laborers in their pursuit of safe and sanitary decent housing by providing farm labor housing loans and grants.

Nature of Change. This proposed loan program level taken in conjunction with the farm labor grants will produce an estimated 530 units in FY 1995.

- (4) An increase of \$32,000 in direct site loans (\$600,000 available in FY 1994).

Need for Change. The Budget proposes to increase the direct site loan program over the 1994 level.

Nature of Change. Under the proposed funding level, it is estimated that 2 loans will be made in FY 1995.

- (5) An increase of \$42,776,000 in credit sales of acquired property (\$133,000,000 available in FY 1994).

Need for Change. The Budget proposes to increase this program from the FY 1994 Appropriation level to the level necessary to cover estimated need.

Nature of Change. The level projected is sufficient to cover the estimated need for direct loan financing required to enable the Agency to manage the timely sale of properties acquired in the servicing of its loan portfolio.

- (6) A decrease of \$390,942,000 in the direct loan subsidy (\$706,409,000 available in FY 1994).

Need for Change. The estimated subsidy amount is sufficient to support the direct loan obligations associated with the requested FY 1995 loan level, as required under the provisions of the Omnibus Budget Reconciliation Act of 1990.

- (7) An increase of \$10,135,000 in the guaranteed loan subsidy (\$12,225,000 available in FY 1994).

Need for Change. The estimated subsidy amount is necessary to support the unsubsidized guaranteed loan commitment authority requested in FY 1995, as required under the provisions of the Omnibus Budget Reconciliation Act of 1990.

- (8) An increase of \$11,904,000 in administrative expenses (\$396,161,000 available in FY 1994).

Need for Change. Justification for administrative expenses in the amount of \$408,065,000 and the associated staff-years are reflected in the Salaries and Expenses Project Statement. A balance of \$15,563,000 will be retained by the program account for obligation of program-related, nonrecoverable costs. The Budget proposes an additional \$13,000,000 of spending authority from offsetting collections to be available for program-related, nonrecoverable costs. The \$13,000,000 will be collected from a 1% loan origination fee charged on guaranteed single family housing loans.

Rural Housing Insurance Fund Program Account
Summary of Rescission Proposal

SUMMARY OF DECREASES - RESCISSION PROPOSAL
(In thousands of dollars)

Item of Change	FY 1994					
	Supportable Levels		Rescission Proposal		Revised Levels	
	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy
Single family housing:						
Direct loans.....	\$1,807,734	\$354,135	-7,734	\$-1,515	\$1,800,000	\$352,620
Guaranteed loans unsubsidized.....	727,679	12,225	0	0	727,679	12,225
Guaranteed loans subsidized.....	--	--	--	--	--	--
Multi-family housing direct loans.....	568,017	309,967	-22,802	-12,443	545,215	297,524
Housing repair direct loans.....	38,380	13,671	-3,380	-1,204	35,000	12,467
Farm labor housing direct loans.....	17,297	8,394	-995	-483	16,302	7,911
Site development direct loans.....	600	0	0	0	600	0
Credit sales of acquired property.....	125,649	20,242	0	0	125,649	20,242
Total:						
Direct loans and subsidies.....	2,557,677	706,409	-34,911	-15,645	2,522,766	690,764
Guaranteed unsubsidized loans						
and subsidies.....	727,679	12,225	0	0	727,679	12,225
Guaranteed subsidized loans						
and subsidies.....	--	--	--	--	--	--
Total loans and subsidies.....	3,285,356	718,634	-34,911	-15,645	3,250,445	702,989

Explanation of Rescission Proposal

This proposal reflects the fact that the subsidy budget authority appropriated for FY 1994 is in excess of amounts necessary to fund estimated loan levels included in the Appropriations Act due to the quarterly reestimate of subsidy rates.

FARMERS HOME ADMINISTRATION
Summary of Rural Housing Programs
(Dollar Amount in Thousands)

Program	1992 Actual				1993 Actual			
	1/ Units	Avg. Unit Cost	Number of Obliga- tions	Dollar Amount	1/ Units	Avg. Unit Cost	Number of Obliga- tions	Dollar Amount
Rural Housing Insurance Fund:								
Section 502 Single-Family Housing:								
Low-Income housing:								
Subsidized	21,181	\$57,733	27,776	\$1,222,850	21,430	\$58,265	28,062	\$1,248,615
Subsidized in lieu of credit sales					0	\$0	0	\$0
Unsubsidized	428	\$31,779	428	\$13,601	651	\$37,070	651	\$24,133
Unsubsidized low or moderate income loans for servicing or assumptions	253	\$68,569	1,643	\$17,348	--	--	1,731	\$18,559
Total, Insured Section 502 ..	21,862	\$57,351	29,847	\$1,253,800	22,081	\$58,480	30,444	\$1,291,308
Section 502 Guaranteed loans:								
Subsidized	0	\$0	0	\$0	0	\$0	0	\$0
Unsubsidized	3,828	\$56,007	3,844	\$214,393	8,901	\$60,649	8,947	\$539,839
Total, Guaranteed Section 502:	3,828	\$56,007	3,844	\$214,393	8,901	\$60,649	8,947	\$539,839
Total, Section 502	25,690	\$57,150	33,691	\$1,468,193	30,982	\$59,104	39,391	\$1,831,146
Credit Sales of Acquired Property:								
Subsidized, unsubsidized, and program ineligible loans	5,555	\$33,088	5,443	\$183,802	4,646	\$34,853	4,600	\$161,925
Section 515 Rural Rental Housing:								
Subsidized loans	14,787	\$38,811	755	\$573,900	15,350	\$37,385	745	\$573,857
Section 521 Rental Assistance Program:								
Renewal/replacement and for various servicing purposes (nonadd new const units) ..								
Section 502(c)(5)(D) Rental Assistance Program:								
In lieu of forgiveness								
Section 514 Farm Labor Housing Loans 2/	574	\$50,058	53	\$15,942	641	\$49,022	32	\$16,300
Section 504 Very Low Income Housing Repair Loans	2,467	\$4,593	2,859	\$11,330	2,627	\$4,508	3,041	\$11,843
Disaster Emergency Supplemental included above)					(186)	\$2,759	(188)	(\$513)
Section 524 Rural Housing Site Loans	--	--	2	\$371	--	--	1	\$600
TOTAL, Rural Housing Insurance Fund	49,073	\$45,922	42,803	\$2,253,538	54,246	\$47,850	47,810	\$2,595,671

Program	1992 Actual				1993 Actual			
	1/ Units	Avg. Unit Cost	Number of Obliga- tions	Dollar Amount	1/ Units	Avg. Unit Cost	Number of Obliga- tions	Dollar Amount
<u>Section 521 Rental Assistance</u>								
<u>Program</u>								
Renewal/replacement and for								
various servicing purposes..	17,018	\$10,858	1,872	\$319,605	22,032	\$12,001	2,045	\$403,457
(nonadd new const units)	(12,416)				(11,586)			
<u>Section 502(c)(5)(D) Rental</u>								
<u>Assistance Program</u>								
In lieu of forgiveness	23	\$10,477	1	\$241	44	\$11,863	5	\$522
<u>Section 516 Farm Labor</u>								
<u>Housing Grants</u>								
Grants <u>2/</u>	--	--	16	\$12,791	--	--	15	\$15,123
Dire Emergency Supplemental								
included above).....	--	--	--	--	--	--	(4)	(\$4,784)
Contracts	--	--	10	\$728	--	--	6	\$813
<u>Section 523 Mutual and</u>								
<u>Self-Help Housing</u>								
Grants <u>3/</u>	--	--	40	\$7,776	--	--	54	\$16,858
Contracts	--	--	7	\$328	--	--	6	\$1,148
<u>Section 504 Very Low Income</u>								
<u>Housing Repair Grants</u>	2,881	\$4,444	3,678	\$12,803	3,670	\$3,890	3,990	\$14,278
Dire Emergency Supplemental								
(included above).....	--	--	--	--	(347)	\$4,239	(353)	(\$1,471)
Flood Supp'l (included above):								
<u>Self-Help Land Development</u>								
<u>Fund</u>								
Section 523 Site Loans	--	--	1	\$500	--	--	--	--
<u>Rural Housing Voucher Program</u> ...	--	--	--	--	--	--	--	--
<u>Compensation for Construction</u>								
<u>Defects</u>	--	--	35	\$193	--	--	93	\$306
<u>Section 533 Rural Housing</u>								
<u>Preservation Grants</u>	3,981	\$5,777	190	\$23,000	5,924	\$3,883	198	\$23,000
<u>Section 525 Supervisory and Tech-</u>								
<u>nical Assistance Grants</u>	--	--	--	--	--	--	--	--
<u>TOTAL, RURAL HOUSING</u>								
<u>PROGRAMS</u>	72,976	\$36,060	48,653	\$2,631,504	85,916	\$35,746	54,222	\$3,071,178

- 1/ Numbers in the "units" columns represent housing units provided by FmHA. Each housing unit is generally capable of accomodating one family, although average family size varies among programs. Numbers in parentheses reflect assistance to housing units which are recorded under other programs.
- 2/ Farm labor grants are made in conjunction with loans and the units provided are shown under the loan program. Average unit cost calculation based on total amount of loan and grant programs.
- 3/ Self-help grants provide funds for technical assistance rather than actual construction. The loan funds are usually provided under the section 502 program; therefore, the units assisted are recorded as units financed by section 502.

FARMERS HOME ADMINISTRATION
Summary of Rural Housing Programs
(Dollar Amount in Thousands)

Program	1994 Estimate				1995 Estimate			
	1/ Units	Avg. Unit Cost	Number of Obliga- tions	Dollar Amount	1/ Units	Avg. Unit Cost	Number of Obliga- tions	Dollar Amount
Rural Housing Insurance Fund:								
Section 502 Single-Family								
Housing:								
Low-Income housing:								
Subsidized	29,520	\$59,282	37,600	\$1,750,000	23,310	\$61,776	31,160	\$1,440,000
Subsidized in lieu of credit								
sales.....	0	\$0	0	\$0	0	\$0	0	\$0
Unsubsidized	660	\$37,879	660	\$25,000	5,480	\$54,745	5,480	\$300,000
Unsubsidized low or moderate								
income loans for servicing								
or assumptions	--	--	2,270	\$25,000	--	--	5,300	\$60,000
Total, Insured Section 502...	30,180	\$59,642	40,530	\$1,800,000	28,790	\$62,522	41,940	\$1,800,000
Section 502 Guaranteed loans:								
Subsidized.....	0	\$0	0	\$0	0	\$0	0	\$0
Unsubsidized.....	12,050	\$62,241	12,120	\$750,000	20,320	\$63,976	20,400	\$1,300,000
Total, Guaranteed Section 502:	12,050	\$62,241	12,120	\$750,000	20,320	\$63,976	20,400	\$1,300,000
Total, Section 502	42,230	\$60,384	52,650	\$2,550,000	49,110	\$63,124	62,340	\$3,100,000
Credit Sales of Acquired Property:								
Subsidized, unsubsidized, and								
program ineligible loans.....	3,820	\$34,817	3,720	\$133,000	4,880	\$36,020	4,780	\$175,776
Section 515 Rural Rental Housing:								
Subsidized loans	14,000	\$38,579	690	\$540,107	5,270	\$41,746	290	\$220,000
Section 521 Rental Assistance								
Program								
Renewal/replacement and for								
various servicing purposes..								
(nonadd new const units)								
Section 502(c)(5)(D) Rental								
Assistance Program								
In lieu of forgiveness								
Section 514 Farm Labor								
Housing Loans 2/	540	\$49,994	31	\$16,300	530	\$50,721	31	\$16,482
Section 504 Very Low Income								
Housing Repair Loans	10,860	\$4,604	11,730	\$50,000	7,410	\$4,723	8,230	\$35,000
Dire Emergency Supplemental								
included above).....	(3,230)	\$4,644	(3,260)	(\$15,000)				
Section 524 Rural Housing								
Site Loans	--	--	2	\$600	--	--	2	\$632
TOTAL, Rural Housing								
Insurance Fund	71,450	\$46,046	68,823	\$3,290,007	67,200	\$52,796	75,673	\$3,547,890

Program	1994 Estimate				1995 Estimate			
	1/ Units	Avg. Unit Cost	Number of Obliga- tions	Dollar Amount	1/ Units	Avg. Unit Cost	Number of Obliga- tions	Dollar Amount
<u>Section 521 Rental Assistance</u>								
<u>Program</u>								
Renewal/replacement and for various servicing purposes. (nonadd new const units)	25,514 (10,759)	\$12,154	2,120	\$440,854	36,276 (4,202)	\$12,775	2,380	\$517,108
<u>Section 502(c)(5)(D) Rental</u>								
<u>Assistance Program</u>								
In lieu of forgiveness	480	\$12,171	55	\$5,840	471	\$12,524	54	\$5,900
<u>Section 516 Farm Labor</u>								
<u>Housing Grants</u>								
Grants 2/	--	--	14	\$10,697	--	--	13	\$10,400
Dis Emergency Supplemental (included above)	--	--	--	--	--	--	--	--
Contracts	--	--	8	\$600	--	--	8	\$600
<u>Section 523 Mutual and</u>								
<u>Self-Help Housing</u>								
Grants 3/	--	--	40	\$12,735	--	--	33	\$10,750
Contracts	--	--	10	\$2,000	--	--	10	\$2,000
<u>Section 504 Very Low Income</u>								
<u>Housing Repair Grants</u>	6,502	\$4,003	9,244	\$34,035	6,089	\$4,106	6,619	\$25,000
Dis Emergency Supplemental (included above)	--	--	--	--	--	--	--	--
Flood Supp'l (included above)	(2,069)	\$4,349	(2,105)	(\$9,000)				
<u>Self-Help Land Development</u>								
<u>Fund</u>								
Section 523 Site Loans	--	--	1	\$622	--	--	1	\$603
Rural Housing Voucher Program	1,250	\$20,000	25	\$25,000	1,215	\$20,580	24	\$25,000
<u>Compensation for Construction</u>								
<u>Defects</u>	--	--	148	\$500	--	--	144	\$500
<u>Section 533 Rural Housing</u>								
<u>Preservation Grants</u>	5,773	\$3,984	192	\$23,000	5,610	\$4,100	187	\$23,000
<u>Section 525 Supervisory and Tech-</u>								
<u>nical Assistance Grants</u>	--	--	18	\$4,500	--	--	21	\$5,500
<u>TOTAL, RURAL HOUSING</u>								
<u>PROGRAMS</u>	110,969	\$34,698	80,698	\$3,850,390	116,861	\$35,720	85,167	\$4,174,251

- 1/ Numbers in the "units" columns represent housing units provided by FmHA. Each housing unit is generally capable of accomodating one family, although average family size varies among programs. Numbers in parentheses reflect assistance to housing units which are recorded under other programs.
- 2/ Farm labor grants are made in conjunction with loans and the units provided are shown under the loan program. Average unit cost calculation based on total amount of loan and grant programs.
- 3/ Self-help grants provide funds for technical assistance rather than actual construction. The loan funds are usually provided under the section 502 program; therefore, the units assisted are recorded as units financed by section 502.

FARMERS HOME ADMINISTRATION
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1993 and Estimated 1994 and 1995

Rural Housing Insurance Fund
Low Income Loan Program-Direct Loans

	1993 Amount	1994 Amount	1995 Amount
Alabama.....	37,480,400	41,393,000	48,015,880
Alaska.....	4,522,410	8,543,000	9,909,880
Arizona.....	15,511,620	22,522,000	26,125,520
Arkansas.....	27,109,810	32,229,000	37,385,640
California.....	76,689,300	70,438,000	80,729,000
Colorado.....	12,265,500	14,212,000	16,485,920
Connecticut.....	7,604,580	10,329,000	11,981,640
Delaware.....	4,578,630	3,805,000	4,413,800
Florida.....	37,198,020	48,383,000	56,124,280
Georgia.....	48,501,480	58,012,000	67,293,920
Hawaii.....	7,530,840	10,407,000	12,072,120
Idaho.....	8,827,470	11,882,000	13,783,120
Illinois.....	36,028,840	41,315,000	47,925,400
Indiana.....	38,859,580	41,937,000	48,646,920
Iowa.....	28,033,790	25,317,000	29,367,720
Kansas.....	18,143,970	19,726,000	22,882,160
Kentucky.....	42,774,730	44,732,000	51,889,120
Louisiana.....	18,242,650	38,209,000	44,322,440
Maine.....	28,528,630	16,775,000	19,459,000
Maryland.....	15,996,460	17,862,000	20,719,920
Massachusetts.....	14,969,440	17,008,000	19,729,280
Michigan.....	41,615,810	54,751,000	63,511,160
Minnesota.....	31,288,430	30,831,000	35,763,960
Mississippi.....	39,210,790	38,753,000	44,953,480
Missouri.....	34,538,360	39,141,000	45,403,560
Montana.....	6,614,130	9,863,000	11,441,080
Nebraska.....	11,263,200	13,435,000	15,584,600
Nevada.....	2,480,450	4,427,000	5,135,320
New Hampshire.....	10,501,430	11,261,000	13,062,760
New Jersey.....	14,860,830	15,144,000	17,567,040
New Mexico.....	14,171,350	17,085,000	19,818,600
New York.....	37,211,210	55,605,000	64,501,800
North Carolina.....	57,600,790	75,020,000	86,044,200
North Dakota.....	5,558,720	6,989,000	8,107,240
Ohio.....	48,909,130	60,420,000	70,087,200
Oklahoma.....	15,198,660	26,948,000	31,259,680
Oregon.....	18,957,050	23,997,000	27,836,520
Pennsylvania.....	61,156,240	72,457,000	83,071,200
Rhode Island.....	1,946,620	2,407,000	2,792,120
South Carolina.....	32,899,910	39,995,000	46,394,200
South Dakota.....	7,524,120	9,708,000	11,261,280
Tennessee.....	37,280,920	45,198,000	52,429,680
Texas.....	35,792,180	102,278,000	117,663,480
Utah.....	6,829,380	6,291,000	7,297,560
Vermont.....	9,531,850	8,154,000	9,458,640
Virginia.....	39,251,830	44,888,000	52,070,080
Washington.....	29,963,020	28,967,000	33,601,720
West Virginia.....	24,200,510	27,104,000	31,440,640
Wisconsin.....	32,361,810	36,733,000	42,610,280
Wyoming.....	4,435,800	5,592,000	6,486,720
Puerto Rico.....	35,017,520	37,122,000	43,061,520
Trust Territories..	6,403,080	6,394,000	7,417,040
Virgin Islands.....	7,334,529	3,106,000	3,602,960
General Reserve....	--	49,000,000	--
Designated Reserves	--	195,900,000	--
Total Avail./Est....	1,291,307,809	1,800,000,000	1,800,000,000

FARMERS HOME ADMINISTRATION
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1993 and Estimated 1994 and 1995

Rural Housing Insurance Fund
Low Income Loan Program-Guaranteed Non-Subsidized Loans

	1993 Amount	1994 Amount	1995 Amount
Alabama.....	3,708,490	16,157,000	32,960,280
Alaska.....	4,586,150	3,918,000	7,992,720
Arizona.....	4,906,380	9,884,000	20,163,360
Arkansas.....	3,459,150	13,600,000	27,744,000
California.....	17,967,100	33,407,000	68,050,280
Colorado.....	4,821,860	6,410,000	13,076,400
Connecticut.....	4,137,550	4,182,000	8,531,280
Delaware.....	1,596,020	1,530,000	3,121,200
Florida.....	32,995,770	19,627,000	40,039,080
Georgia.....	55,792,050	24,524,000	49,928,960
Hawaii.....	701,800	5,303,000	10,818,120
Idaho.....	1,396,800	4,950,000	10,098,000
Illinois.....	12,091,910	16,320,000	33,292,800
Indiana.....	13,290,710	15,023,000	30,646,920
Iowa.....	10,095,760	9,638,000	19,661,520
Kansas.....	1,717,850	7,831,000	15,975,240
Kentucky.....	8,907,590	18,254,000	37,238,160
Louisiana.....	7,944,530	16,309,000	33,270,360
Maine.....	9,441,360	7,251,000	14,792,040
Maryland.....	29,173,730	6,667,000	13,600,680
Massachusetts.....	2,714,170	7,477,000	15,253,080
Michigan.....	13,366,990	21,462,000	43,782,480
Minnesota.....	32,400,000	11,759,000	23,988,360
Mississippi.....	1,018,990	16,528,000	33,717,120
Missouri.....	10,565,820	16,147,000	32,939,880
Montana.....	1,188,970	4,273,000	8,716,920
Nebraska.....	4,576,520	5,297,000	10,805,880
Nevada.....	1,852,030	1,893,000	3,861,720
New Hampshire.....	5,707,620	4,789,000	9,769,560
New Jersey.....	2,063,990	5,845,000	11,923,800
New Mexico.....	2,445,140	7,460,000	15,218,400
New York.....	1,803,850	23,534,000	48,009,360
North Carolina.....	22,017,470	30,026,000	61,153,040
North Dakota.....	836,100	2,600,000	5,304,000
Ohio.....	32,175,880	24,065,000	49,092,600
Oklahoma.....	2,114,340	11,184,000	22,815,360
Oregon.....	3,394,030	10,579,000	21,581,160
Pennsylvania.....	9,354,020	27,902,000	56,820,000
Rhode Island.....	7,031,240	1,096,000	2,235,840
South Carolina.....	9,060,040	15,881,000	32,397,240
South Dakota.....	9,747,250	4,165,000	8,496,600
Tennessee.....	25,380,190	17,622,000	35,948,880
Texas.....	5,440,970	42,327,000	86,247,160
Utah.....	6,636,000	2,537,000	5,175,480
Vermont.....	2,163,690	3,658,000	7,462,320
Virginia.....	38,440,339	17,720,000	36,148,800
Washington.....	5,295,020	12,788,000	26,087,520
West Virginia.....	7,849,750	10,981,000	22,401,240
Wisconsin.....	13,307,010	14,186,000	28,939,440
Wyoming.....	9,880,640	2,228,000	4,545,120
Puerto Rico.....	70,000	15,972,000	32,582,880
Trust Territories....	--	1,000,000	2,040,000
Virgin Islands.....	1,207,900	1,734,000	3,537,360
General Reserve.....	--	112,500,000	--
Total, Available or Estimate.....	539,838,529	750,000,000	1,300,000,000

FARMERS HOME ADMINISTRATION
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1993 and Estimated 1994 and 1995

Rural Housing Insurance Fund
Rural Rental Loan Program

	1993 Amount	1994 Amount	1995 Amount
Alabama.....	17,132,490	12,884,000	5,282,440
Alaska.....	2,894,830	2,750,000	1,127,500
Arizona.....	5,313,120	7,756,000	3,179,960
Arkansas.....	14,078,470	10,065,000	4,126,650
California.....	16,806,860	20,274,000	8,312,340
Colorado.....	4,687,550	3,660,000	1,500,600
Connecticut.....	4,034,030	2,750,000	1,127,500
Delaware.....	2,921,950	2,750,000	1,127,500
Florida.....	17,696,790	12,592,000	5,162,720
Georgia.....	24,776,250	16,849,000	6,908,090
Hawaii.....	--	2,750,000	1,127,500
Idaho.....	6,442,570	3,237,000	1,327,170
Illinois.....	12,018,540	9,803,000	4,019,230
Indiana.....	14,221,650	9,398,000	3,853,180
Iowa.....	12,720,180	5,839,000	2,393,990
Kansas.....	8,195,200	4,924,000	2,018,840
Kentucky.....	21,215,620	15,176,000	6,222,160
Louisiana.....	16,182,680	13,812,000	5,662,920
Maine.....	8,151,440	3,978,000	1,630,980
Maryland.....	10,398,140	3,834,000	1,571,940
Massachusetts.....	5,824,930	3,455,000	1,416,550
Michigan.....	16,958,600	12,971,000	5,318,110
Minnesota.....	12,226,500	7,289,000	2,988,490
Mississippi.....	17,269,290	13,856,000	5,680,960
Missouri.....	14,943,630	10,718,000	4,394,380
Montana.....	2,649,650	2,750,000	1,127,500
Nebraska.....	12,876,500	3,107,000	1,273,870
Nevada.....	2,133,000	2,750,000	1,127,500
New Hampshire.....	2,859,460	2,750,000	1,127,500
New Jersey.....	3,679,670	2,863,000	1,173,830
New Mexico.....	6,161,650	6,261,000	2,567,010
New York.....	18,769,390	11,995,000	4,917,950
North Carolina.....	28,606,050	19,594,000	8,033,540
North Dakota.....	950,600	2,750,000	1,127,500
Ohio.....	20,238,020	15,032,000	6,163,120
Oklahoma.....	9,424,020	8,353,000	3,424,730
Oregon.....	9,558,110	6,200,000	2,542,000
Pennsylvania.....	21,037,530	16,065,000	6,586,650
Rhode Island.....	1,017,000	2,750,000	1,127,500
South Carolina.....	13,049,850	11,721,000	4,805,610
South Dakota.....	9,170,400	2,750,000	1,127,500
Tennessee.....	14,695,750	12,954,000	5,311,140
Texas.....	30,721,050	33,289,000	13,648,490
Utah.....	2,057,731	2,750,000	1,127,500
Vermont.....	2,778,940	2,750,000	1,127,500
Virginia.....	17,090,330	11,590,000	4,751,900
Washington.....	12,648,430	7,594,000	3,113,540
West Virginia.....	10,627,600	8,440,000	3,460,400
Wisconsin.....	10,359,070	8,161,000	3,346,010
Wyoming.....	2,310,000	2,750,000	1,127,500
Puerto Rico.....	19,805,170	21,450,000	8,794,500
Virgin Islands.....	1,470,820	2,750,000	1,127,500
Trust Territories..	--	2,750,000	1,127,500
N/O Reserves.....	--	91,818,000	36,201,510
Total Avail./Est...	573,857,101	540,107,000	220,000,000

FARMERS HOME ADMINISTRATION
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1993 and Estimated 1994 and 1995

Rural Housing Insurance Fund
Very-Low Income Housing Repair Loan Program

	1993 Amount	1994 Amount	1995 Amount
Alabama.....	437,690	830,000	942,050
Alaska.....	9,140	229,000	259,915
Arizona.....	88,150	572,000	649,220
Arkansas.....	367,230	644,000	730,940
California.....	197,940	1,517,000	1,721,795
Colorado.....	84,990	243,000	275,805
Connecticut.....	7,110	114,000	129,390
Delaware.....	19,560	57,000	64,695
Florida.....	214,620	844,000	957,940
Georgia.....	374,570	1,130,000	1,282,550
Hawaii.....	132,840	286,000	324,610
Idaho.....	51,080	215,000	244,025
Illinois.....	390,510	644,000	730,940
Indiana.....	87,850	630,000	715,050
Iowa.....	237,860	372,000	422,220
Kansas.....	76,480	329,000	373,415
Kentucky.....	758,620	916,000	1,039,660
Louisiana.....	172,180	844,000	957,940
Maine.....	210,210	286,000	324,610
Maryland.....	117,400	272,000	308,720
Massachusetts.....	50,680	229,000	259,915
Michigan.....	179,330	830,000	942,050
Minnesota.....	181,620	501,000	568,635
Mississippi.....	360,580	858,000	973,830
Missouri.....	294,783	687,000	779,745
Montana.....	11,120	172,000	195,220
Nebraska.....	93,850	200,000	227,000
Nevada.....	2,150	86,000	97,610
New Hampshire.....	64,650	157,000	178,195
New Jersey.....	69,540	200,000	227,000
New Mexico.....	124,380	429,000	486,915
New York.....	302,670	816,000	926,160
North Carolina.....	417,770	1,359,000	1,542,465
North Dakota.....	33,660	114,000	129,390
Ohio.....	371,290	944,000	1,071,440
Oklahoma.....	71,010	501,000	568,635
Oregon.....	167,730	429,000	486,915
Pennsylvania.....	637,340	1,059,000	1,201,965
Rhode Island.....	--	29,000	74,915
South Carolina.....	296,670	801,000	909,135
South Dakota.....	36,590	172,000	195,220
Tennessee.....	310,540	844,000	957,940
Texas.....	862,110	2,232,000	2,533,320
Utah.....	28,590	114,000	129,390
Vermont.....	47,250	129,000	146,415
Virginia.....	231,781	844,000	957,940
Washington.....	118,700	529,000	600,415
West Virginia.....	229,240	515,000	584,525
Wisconsin.....	279,190	558,000	633,330
Wyoming.....	33,000	100,000	113,500
Puerto Rico.....	117,190	973,000	1,104,355
Trust Territories..	1,781,800	2,329,000	2,643,415
Virgin Islands.....	--	86,000	97,610
General Reserve....	--	2,450,000	--
Designated Reserve.	--	1,750,000	--
Undistributed.....	--	15,000,000	--

Total Avail./Est... 11,842,834 a/ 50,000,000 a/ 35,000,000

a/ Includes amounts appropriated by P.L. 103-75, Supplemental Appropriations.

FARMERS HOME ADMINISTRATION
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1993 and Estimated 1994 and 1995

Rural Housing Insurance Fund
Farm Labor Housing Loan Program

	1993 Amount	1994 Amount	1995 Amount
Arizona.....	286,600	--	--
Arkansas.....	167,000	--	--
California.....	3,763,100	--	--
Colorado.....	220,160	--	--
Delaware.....	--	--	--
Florida.....	8,105,210	--	--
Georgia.....	--	--	--
Hawaii.....	205,500	--	--
Idaho.....	316,850	--	--
Michigan.....	176,350	--	--
Mississippi.....	41,500	--	--
Nevada.....	--	--	--
New Hampshire.....	54,539	--	--
New Jersey.....	282,500	--	--
New York.....	197,000	--	--
North Carolina.....	743,540	--	--
Oregon.....	1,161,880	--	--
Vermont.....	178,640	--	--
Virginia.....	--	--	--
Washington.....	329,990	--	--
Wisconsin.....	69,640	--	--
Total Avail./Est....	16,299,999	16,300,000 a/	16,482,000 a/

Rural Housing Site Loan Program

Minnesota.....	600,000	--	--
Total Avail./Est...	600,000	600,000 a/	632,000 a/

a/ Cannot be distributed by geographic area in advance.

FARMERS HOME ADMINISTRATION
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1993 and Estimated 1994 and 1995

Housing Credit Sales

	1993 Amount	1994 Amount	1995 Amount
Alabama.....	8,141,430	--	--
Alaska.....	1,220,280	--	--
Arizona.....	4,778,810	--	--
Arkansas.....	4,894,550	--	--
California.....	7,174,740	--	--
Colorado.....	1,355,340	--	--
Connecticut.....	634,640	--	--
Delaware.....	239,500	--	--
Florida.....	8,192,600	--	--
Georgia.....	6,417,550	--	--
Idaho.....	1,907,060	--	--
Illinois.....	1,872,320	--	--
Indiana.....	1,433,920	--	--
Iowa.....	737,330	--	--
Kansas.....	1,143,550	--	--
Kentucky.....	1,906,940	--	--
Louisiana.....	8,798,880	--	--
Maine.....	1,508,850	--	--
Maryland.....	454,460	--	--
Massachusetts.....	727,660	--	--
Michigan.....	3,665,090	--	--
Minnesota.....	930,790	--	--
Mississippi.....	14,330,170	--	--
Missouri.....	5,779,140	--	--
Montana.....	787,870	--	--
Nebraska.....	537,920	--	--
Nevada.....	377,570	--	--
New Hampshire.....	407,570	--	--
New Jersey.....	1,477,290	--	--
New Mexico.....	2,003,730	--	--
New York.....	900,110	--	--
North Carolina.....	7,307,430	--	--
North Dakota.....	738,830	--	--
Ohio.....	2,413,380	--	--
Oklahoma.....	5,800,780	--	--
Oregon.....	2,557,280	--	--
Pennsylvania.....	528,390	--	--
Rhode Island.....	85,000	--	--
South Carolina.....	14,250,152	--	--
South Dakota.....	240,600	--	--
Tennessee.....	4,084,760	--	--
Texas.....	13,369,780	--	--
Utah.....	1,072,650	--	--
Vermont.....	152,240	--	--
Virginia.....	4,062,630	--	--
Washington.....	627,610	--	--
West Virginia.....	2,099,290	--	--
Wisconsin.....	1,402,410	--	--
Wyoming.....	510,470	--	--
Puerto Rico.....	5,884,070	--	--
Total Avail./Est...	161,925,412	133,000,000 a/	175,776,000 a/

a/ Cannot be distributed by geographic area in advance.

FARMERS HOME ADMINISTRATION

The 1995 Budget Estimates include language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Rental Assistance Program:

For rental assistance agreements entered into or renewed pursuant to the authority under section 521(a)(2) or agreements entered into in lieu of debt forgiveness or payments for eligible households as authorized by section 502(c)(5)(D) of the Housing Act of 1949, as amended, [~~\$446,694,000~~] \$523,008,000; and in addition such sums as may be necessary, as authorized by section 521(c) of the Act, to liquidate debt incurred prior to fiscal year 1992 to carry out the Rental Assistance Program under section 521(a)(2) of the Act: Provided, That of this amount not more than [~~\$5,840,000~~] \$5,900,000 shall be available for debt forgiveness or payments for eligible households as authorized by section 502(c)(5)(D) of the Act, and not to exceed \$10,000 per project for advances to nonprofit organizations or public agencies to cover direct costs (other than purchase price) incurred in purchasing projects pursuant to section 502(c)(5)(C) of the Act: Provided further, That agreements entered into or renewed during fiscal year [1994] 1995 shall be funded for a five-year period, although the life of any such agreement may be extended to fully utilize amounts obligated.

Rental Assistance Program

Appropriation Act, 1994.....	\$446,694,000
Budget Estimate, 1995.....	<u>523,008,000</u>
Increase in Appropriation.....	<u>76,314,000</u>
	=====

PROJECT STATEMENT
(On basis of appropriation)
(In thousands of dollars)

Project	1993 Actual	1994 Appropriated	Increase	1995 Estimated
Rental assistance (sec. 521)...	\$403,458	\$440,854	\$76,254 (1)	\$517,108
Rental assistance in lieu of debt forgiveness (sec. 502(c)(5)(D)).....	522	5,840	60 (2)	5,900
Unobligated balance, expiring..	6	--		--
Total Appropriation.....	403,986	446,694	76,314	523,008
	=====			

Staff years are reflected in the Salaries and Expenses Project Statement.

Note: Under the Secretary's proposed reorganization plan, this account will be part of the Rural Housing and Community Development Service.

EXPLANATION OF PROGRAM

The rental assistance program is authorized under section 521(a)(2) of the Housing Act of 1949, as amended. The program is administered in tandem with FmHA section 515 rural rental and cooperative housing programs, or the farm labor housing loan and grant programs. Rental assistance payments are authorized to be made to owners of FmHA financed rural rental or cooperative housing or domestic farm labor housing facilities in order that low-income tenants will contribute towards their rent no more than the higher of (1) 30 percent of monthly adjusted income, (2) 10 percent of monthly income, or (3) designated housing payments from a welfare agency. Under

this program, funding is provided for newly constructed units, renewals of existing rental assistance contracts, and for additional servicing assistance for existing projects.

Beginning in FY 1989, Congress has authorized and appropriated assistance under section 502(c)(5)(D) for debt forgiveness or payments for eligible households to subsidize tenant rents in projects purchased by eligible nonprofit organizations or public agencies to prevent diversion of low-income rental housing by virtue of section 515 loan prepayment. The Agency has used the subsidy payment mechanism of the rental assistance program to accomplish this mandate.

JUSTIFICATION OF INCREASES

- (1) An increase of \$76,254,000 for the section 521 rental assistance program (\$440,854,000 available in FY 1994).

Need for Change. The increased level in the section 521 rental assistance program will improve the housing conditions of very low-income, rural residents by enabling the Agency to make available additional FmHA-financed rental housing units to tenants at affordable rental rates. This increase is necessary to meet the demand for renewals of expiring contracts on existing units, and to provide additional units in existing projects where vacancies exist or tenants are paying more than 30 percent of their income for rent and who qualify for rental assistance but have not been receiving such assistance. Due to the increasing number of expiring rental assistance contracts each year, more renewal units are needed to meet demand. The anticipated rental assistance contract renewal requirements are currently projected at 27,600 units in FY 1995 and are estimated to increase by 3,000 to 5,000 units per year through FY 1999, based on past actual renewal data and current projections. In addition, a recent survey conducted by the Agency indicated that over 90,000 existing tenants are rent-overburdened and need rental assistance, and that there are 22,800 vacant units that could use rental assistance to attract eligible applicants.

Nature of Change. The requested level will enable the Agency to provide section 521 rental assistance payments to an estimated 40,478 units (27,600 units for renewals, 4,202 units for new construction, and 8,676 units for servicing and other purposes). The increased level requested allows the Agency to satisfy the anticipated rental assistance contract renewal requirements and, in addition, to provide assistance for the most urgent servicing needs and provide an adequate coverage of new construction rental assistance needs.

Note that the request for new construction rental assistance units is greatly reduced from requests of previous years. This is due to the proposed reduction in the section 515 rural rental housing loan level. The request for new construction rental assistance units is based on an approximate 75 percent coverage of new units from section 515 rural rental housing loans and an approximate 50 percent coverage of new units from section 514 farm labor housing loans and grants.

- (2) An increase of \$60,000 for the section 502(c)(5)(D) rental assistance program (\$5,840,000 available in FY 1994).

Need for Change. The Budget proposes to continue providing rental assistance through the section 502(c)(5)(D) rental assistance program in the form of monthly payments (in lieu of forgiveness of debt) at basically the same level as in FY 1994 to ensure that low and very low-income families are not adversely impacted by the sale (at market value) of existing projects to participating nonprofit housing organizations.

Nature of Change. The requested level will enable the Agency to provide section 502(c)(5)(D) rental assistance payments to an estimated 471 units.

FARMERS HOME ADMINISTRATION
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1993 and Estimated 1994 and 1995

Rural Housing Insurance Fund
Rural Rental Assistance Payments (Sec. 521)

	1993 Amount	1994 Amount	1995 Amount
Alabama.....	10,359,893	--	--
Alaska.....	1,744,991	--	--
Arizona.....	8,228,961	--	--
Arkansas.....	8,778,489	--	--
California.....	18,671,344	--	--
Colorado.....	5,464,728	--	--
Connecticut.....	2,285,886	--	--
Delaware.....	2,975,868	--	--
Florida.....	17,797,348	--	--
Georgia.....	10,036,756	--	--
Hawaii.....	1,204,048	--	--
Idaho.....	4,711,934	--	--
Illinois.....	10,180,594	--	--
Indiana.....	6,782,296	--	--
Iowa.....	6,448,536	--	--
Kansas.....	4,412,962	--	--
Kentucky.....	11,801,181	--	--
Louisiana.....	16,757,412	--	--
Maine.....	22,672,288	--	--
Maryland.....	7,552,387	--	--
Massachusetts.....	5,314,368	--	--
Michigan.....	11,618,768	--	--
Minnesota.....	4,077,241	--	--
Mississippi.....	12,955,880	--	--
Missouri.....	3,934,985	--	--
Montana.....	1,340,522	--	--
Nebraska.....	1,846,887	--	--
Nevada.....	2,001,809	--	--
New Hampshire.....	4,720,157	--	--
New Jersey.....	9,418,966	--	--
New Mexico.....	4,758,498	--	--
New York.....	6,527,654	--	--
North Carolina.....	25,519,301	--	--
North Dakota.....	2,409,269	--	--
Ohio.....	11,106,492	--	--
Oklahoma.....	12,304,650	--	--
Oregon.....	6,679,416	--	--
Pennsylvania.....	8,687,598	--	--
Rhode Island.....	416,068	--	--
South Carolina.....	8,046,994	--	--
South Dakota.....	3,244,634	--	--
Tennessee.....	7,804,251	--	--
Texas.....	24,158,117	--	--
Utah.....	4,274,904	--	--
Vermont.....	2,541,298	--	--
Virginia.....	7,626,283	--	--
Washington.....	9,100,791	--	--
West Virginia.....	6,561,415	--	--
Wisconsin.....	4,800,238	--	--
Wyoming.....	1,652,766	--	--
Puerto Rico.....	8,252,897	--	--
Virgin Islands.....	886,418	--	--

Total Avail./Est... 403,457,437 440,854,000 a/ 517,108,000 a/

a/ Cannot be distributed by geographic area in advance.

FARMERS HOME ADMINISTRATION
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1993 and Estimated 1994 and 1995

Rural Housing Insurance Fund
Rental Assistance (Sec. 502 (c)(5)(D))

	1993 Amount	1994 Amount	1995 Amount
Iowa.....	107,612	--	--
Nebraska.....	58,878	--	--
North Carolina.....	285,714	--	--
Oregon.....	69,756	--	--
Total Avail.Est....	521,960	5,840,000 a/	5,900,000 a/

a/ Cannot be distributed by geographic area in advance.

FARMERS HOME ADMINISTRATION

The 1995 Budget Estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Rural Housing Voucher Program

For necessary expenses to operate a rural housing voucher program as authorized by section 542 of title V of the Housing Act of 1949, as amended, \$25,000,000, to be administered by the Secretary of Agriculture, and to remain available until expended: Provided, That voucher agreements entered into or renewed during fiscal year 1995 shall be funded for a five-year period, although the life of any such voucher agreement may be extended to fully utilize amounts obligated.

This change in language is for the purpose of authorizing that amounts appropriated under this heading in fiscal year 1995 shall remain available until expended, and to provide language specifically authorizing the extension of five-year voucher agreements to fully utilize amounts obligated. Appropriating funds on an "available until expended" basis will avoid mandated expiration of valid unliquidated obligated balances after a five-year period.

RURAL HOUSING VOUCHER PROGRAM

Appropriations Act, 1994.....	\$25,000
Budget Estimate, 1995.....	<u>25,000</u>
Change in Appropriation.....	0
	=====

PROJECT STATEMENT
(On basis of appropriation)
(In thousands of dollars)

Project	1993 Actual	1994 Appropriated	Increase or Decrease	1995 Estimated
Rural housing vouchers, appropriation.....	0	\$25,000	0	\$25,000
	=====			

Staff years are reflected in the Salaries and Expenses Project Statement.

Note: Under the Secretary's proposed reorganization plan, this account will be part of the Rural Housing and Community Development Service.

EXPLANATION OF PROGRAM

The Rural Housing Voucher Program is authorized under section 542 of title V of the Housing Act of 1949, as amended. The voucher program will improve the housing conditions of very low-income, rural residents by providing a rural rental subsidy similar to rental assistance, targeted for areas where rural housing units are available but not currently affordable for very low-income persons. This program will provide housing assistance payments to individuals and families based on the difference between what the family can afford for rental housing (30 percent of their adjusted monthly income) and the cost of rental housing in the community, up to the fair market rental rate established by the Secretary for the area. The \$25,000,000 program level will provide 5-year voucher agreements for an estimated 1,250 housing units. These vouchers could be used for any available housing in the area that best meets the tenant's needs, and can be used for, but is not tied to, FmHA-financed rental units.

This appropriation account will also continue to disburse funds for new construction rental assistance units obligated in fiscal year 1984 and fiscal year 1985.

Geographic Breakdown of obligations of \$25,000,000 for 1994 and \$25,000,000 for 1995 cannot be distributed by geographic area in advance.

FARMERS HOME ADMINISTRATION

Very Low-Income Housing Repair Grants

For grants to the very low-income elderly for essential repairs to dwellings pursuant to section 504 of the Housing Act of 1949, as amended, \$25,000,000 to remain available until expended.

Very Low-Income Housing Repair Grants

Appropriation Act, 1994.....	\$25,000,000
Budget Estimate, 1995.....	<u>25,000,000</u>
Change in Appropriation.....	<u>0</u>

PROJECT STATEMENT

(On basis of appropriation and
on basis of obligations under available funds)

Project	: 1993 : Actual	: 1994 : Appropriated:	: Increase or : Decrease	: 1995 : Estimated
Very low-income housing repair grants.....	\$14,278,436	\$48,504,019	-\$23,564,019	\$25,000,000
Recovery of prior year obligations.....	-318,370	0	0	0
Unobligated balance available, start of year.....	-10,029,640	-23,564,019	23,564,019	0
Unobligated balance available, end of year.....	23,564,019	0	0	0
Unobligated balance withdrawn.....	5,555	0	0	0
Total Appropriation.....	<u>27,500,000</u>	<u>25,000,000</u>	<u>0</u>	<u>25,000,000</u>

Staff-years are reflected in the Salaries and Expenses Project Statement.

Note - Under the Secretary's proposed reorganization plan this account will be part of Rural Housing and Community Development Service.

EXPLANATION OF PROGRAM

This grant program is authorized under section 504 of the Housing Act of 1949, as amended. The rural housing repair grant program is carried out by making grants to very low-income elderly owner-occupants to make necessary repairs to improve and modernize their dwellings in order to remove safety and health hazards.

The grants may be made to cover the cost of improvements or additions, such as repairing roofs, providing toilet facilities, providing a convenient and sanitary water supply, installing screens, repairing or providing structural supports, or making similar repairs, additions, or improvements including all preliminary and installation costs in obtaining central water and sewer service. A grant can be made in combination with a section 504 very low-income housing repair loan. The Agency has determined that grants carry a lifetime assistance limitation of \$5,000 per recipient; and the maximum loan assistance is \$15,000.

FARMERS HOME ADMINISTRATION
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1993 and Estimated 1994 and 1995

Very-Low Income Housing Repair Grant Program

	1993 Amount	1994 Amount	1995 Amount
Alabama.....	345,120	602,000	683,270
Alaska.....	45,000	122,000	138,470
Arizona.....	168,800	365,000	414,275
Arkansas.....	428,970	480,000	544,800
California.....	340,180	1,031,000	1,170,185
Colorado.....	103,760	179,000	203,165
Connecticut.....	42,970	115,000	130,525
Delaware.....	43,630	50,000	66,750
Florida.....	311,630	731,000	829,685
Georgia.....	420,430	788,000	894,380
Hawaii.....	20,230	165,000	187,275
Idaho.....	81,830	158,000	179,330
Illinois.....	563,780	566,000	642,410
Indiana.....	296,290	523,000	593,605
Iowa.....	261,480	351,000	398,385
Kansas.....	229,160	286,000	324,610
Kentucky.....	482,890	637,000	722,995
Louisiana.....	955,100	559,000	634,465
Maine.....	166,270	222,000	251,970
Maryland.....	145,760	215,000	244,025
Massachusetts.....	128,650	208,000	236,080
Michigan.....	373,640	680,000	771,800
Minnesota.....	271,040	423,000	480,105
Mississippi.....	470,090	580,000	658,300
Missouri.....	486,900	551,000	625,385
Montana.....	75,490	129,000	146,415
Nebraska.....	139,070	186,000	211,110
Nevada.....	26,260	57,000	64,695
New Hampshire.....	62,170	129,000	146,415
New Jersey.....	96,130	179,000	203,165
New Mexico.....	103,560	265,000	300,775
New York.....	398,670	695,000	788,825
North Carolina.....	545,290	1,010,000	1,146,350
North Dakota.....	164,320	100,000	113,500
Ohio.....	416,190	773,000	877,355
Oklahoma.....	208,320	394,000	447,190
Oregon.....	162,610	337,000	382,495
Pennsylvania.....	683,560	938,000	1,064,630
Rhode Island.....	14,290	29,000	42,915
South Carolina.....	276,890	559,000	634,465
South Dakota.....	129,320	136,000	154,360
Tennessee.....	479,640	630,000	715,050
Texas.....	746,280	1,530,000	1,736,550
Utah.....	61,650	79,000	89,665
Vermont.....	98,060	100,000	113,500
Virginia.....	321,690	609,000	691,215
Washington.....	194,120	394,000	447,190
West Virginia.....	230,140	387,000	439,245
Wisconsin.....	310,566	480,000	544,800
Wyoming.....	13,760	72,000	81,720
Puerto Rico.....	394,210	566,000	642,410
Trust Territories..	716,500	600,000	681,000
Virgin Islands.....	26,080	50,000	66,750
General Reserve....	--	1,750,000	--
Designated Reserve..	--	1,250,000	--
Carryover.....	--	8,504,019	--
Undistributed.....	--	15,000,000	--

Total Avail./Est...	14,278,436 a/	48,504,019 a/	25,000,000
---------------------	---------------	---------------	------------

a/ Includes \$15,000,000 appropriated by P.L. 103-75, Supplemental Appropriations.

FARMERS HOME ADMINISTRATION

Rural Housing for Domestic Farm Labor:

For financial assistance to eligible nonprofit organizations for housing for domestic farm labor, pursuant to section 516 of the Housing Act of 1949, as amended (42 U.S.C. 1486), \$11,000,000, to remain available until expended.

Rural Housing for Domestic Farm Labor

Appropriations Act, 1994.....	\$11,000,000
Budget Estimate, 1995.....	<u>11,000,000</u>
No change in Appropriation.....	<u>0</u>

PROJECT STATEMENT

(On basis of adjusted appropriation
and on basis of obligations under available funds)

Project	1993 Actual	1994 Appropriated	Increase or Decrease	1995 Estimated
Rural housing for domestic:				
farm labor grants.....	\$15,935,713	\$45,586,568	0	\$11,000,000
Unobligated balance				
available, start of year:	-43,293,756	-38,403,568	0	0
Recovery of prior year				
obligations.....	-45,525	0	0	0
Unobligated balance				
available, end of year..	38,403,568	3,817,000	0	0
Total Appropriation.....	11,000,000	11,000,000	0	11,000,000

Staff-years are reflected in the Salaries and Expenses Project Statement.

Note - Under the Secretary's proposed reorganization plan this account will be part of Rural Housing and Community Development Service.

EXPLANATION OF PROGRAM

Under section 516 of the Housing Act of 1949, FmHA is authorized to share with state or other political subdivisions, public or private nonprofit organizations, or nonprofit organizations of farmworkers the cost of providing low-rent housing, basic household furnishings, and related facilities to be used by domestic farm laborers. Such housing may be for year-round or seasonal occupancy, and may consist of family unit apartments or dormitory-type units, constructed in an economical manner. Grant assistance may not exceed 90 percent of the total development cost. Applicants furnish as much of the development cost as they can afford by using their own resources, by borrowing from either private sources or obtaining an insured loan under section 514 of the Housing Act. The applicant must agree to charge rents that do not exceed amounts approved by the Secretary, maintain the housing in a safe and sanitary condition, and give occupancy preference to domestic farm laborers.

The obligations incurred by the applicant as a condition of the grant continue for 50 years from the date of the grant unless terminated sooner by Farmers Home Administration. Grant obligations are secured by a mortgage on the housing or other security. In the event of default, the Farmers Home Administration has the option to require repayment of the grant.

FARMERS HOME ADMINISTRATION
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1993 and Estimated 1994 and 1995

Farm Labor Housing Grants

	1993 Amount	1994 Amount	1995 Amount
Colorado.....	907,330	--	--
Delaware.....	79,808	--	--
Florida.....	5,787,870	--	--
Hawaii.....	--	--	--
Idaho.....	814,750	--	--
Massachusetts.....	400,000	--	--
Minnesota.....	--	--	--
New York.....	1,178,394	--	--
North Carolina.....	3,034,440	--	--
Oregon.....	1,770,135	--	--
Texas.....	--	--	--
Washington.....	1,962,970	--	--
Undistributed.....	--	--	--
Total Avail./Est...	15,935,697 a/	45,586,568 a/b/c/	11,000,000

a/ Includes \$32,500,000 authorized by Supplemental Appropriations.

b/ Cannot be distributed by geographic area in advance.

c/ Includes carryover of \$2,085,654.

FARMERS HOME ADMINISTRATION

Mutual and Self-Help Housing Grants:

For grants and contracts pursuant to section 523(b)(1)(A) of the Housing Act of 1949 (42 U.S.C. 149c), \$12,750,000, to remain available until expended (7 U.S.C. 2209b).

Mutual and Self-Help Housing Grants

Appropriation Act, 1994.....	\$12,750,000
Budget Estimate, 1995.....	<u>12,750,000</u>
Change in Appropriation.....	<u>0</u>

PROJECT STATEMENT

(On basis of adjusted appropriation and
on basis of obligations under available funds)

Project	: 1993 : Actual	: 1994 : Appropriated:	: Increase or : Decrease	: 1995 : Estimated
Mutual and self-help housing grants.....	\$18,006,541	\$14,734,665	-\$1,984,665	\$12,750,000
Recovery of prior year obligations.....	-279,759	0	0	0
Unobligated balance available, start of year.....	-6,961,447	-1,984,665	1,984,665	0
Unobligated balance available, end of year.....	1,984,665	0	0	0
Total Appropriation.....	12,750,000	12,750,000	0	12,750,000

Staff-years are reflected in the Salaries and Expenses Project Statement.

Note - Under the Secretary's proposed reorganization plan this account will be part of Rural Housing and Community Development Service.

EXPLANATION OF PROGRAM

This grant program is authorized under section 523 of the Housing Act of 1949, as amended. Grants are made to local organizations to promote the development of mutual or self-help housing programs under which groups of usually six to ten families build their own homes by mutually exchanging labor. Funds may be used to pay the cost of construction supervisors who will work with families to guide them in the construction of their homes and for administrative expenses of the organizations providing the self-help assistance.

This program also provides for contract funds for training to be provided to members and staff of self-help technical assistance grant recipient organizations which sponsor and supervise self-help projects.

FARMERS HOME ADMINISTRATION
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1993 and Estimated 1994 and 1995

Mutual and Self-Help Housing Grants

	1993 Amount	1994 Amount	1995 Amount
	<u> </u>	<u> </u>	<u> </u>
Alabama.....	110,800	--	
Arizona.....	320,220	--	--
Arkansas.....	1,198,330	--	--
California.....	10,399,342	--	--
Colorado.....	27,750	--	--
Delaware.....	276,621	--	--
Florida.....	254,640	--	--
Hawaii.....	375,070	--	--
Maine.....	180,000	--	--
Maryland.....	312,880	--	--
Massachusetts.....	21,240	--	--
Michigan.....	208,500	--	--
Minnesota.....	6,250	--	--
Mississippi.....	328,780	--	--
New Mexico.....	45,400	--	--
North Carolina.....	171,000	--	
Ohio.....	161,680	--	--
Oklahoma.....	990,339	--	--
Tennessee.....	10,000	--	
Texas.....	224,450	--	--
Virginia.....	20,000	--	--
Washington.....	1,204,050	--	--
Wisconsin.....	1,104,200	--	--
N/O Contract.....	55,000	--	
	<u> </u>	<u> </u>	<u> </u>
Total Avail./Est...	18,006,542	14,734,666 a/b/	12,750,000 a/
	<u> </u>	<u> </u>	<u> </u>

a/ Cannot be distributed by geographic area in advance.

b/ Includes carryover of \$1,984,666.

FARMERS HOME ADMINISTRATION

Rural Housing Preservation Grants:

For grants for rural housing preservation as authorized by section 552 of the Housing and Urban-Rural Recovery Act of 1983 (Public Law 98-181), \$23,000,000.

Rural Housing Preservation Grants

Appropriation Act, 1994.....	\$23,000,000
Budget Estimate, 1995.....	<u>23,000,000</u>
Change in Appropriation.....	<u>0</u>

PROJECT STATEMENT
(On basis of appropriation)

Project	: 1993 : Actual	: 1994 : Appropriated:	: Change	: 1995 : Estimated
Rural housing preservation	:	:	:	:
grants, appropriation.....	:\$23,000,000	:\$23,000,000	:	0 : \$23,000,000

Staff-years are reflected in the Salaries and Expenses Project Statement.

Note - Under the Secretary's proposed reorganization plan this account will be part of Rural Housing and Community Development Service.

EXPLANATION OF PROGRAM

This grant program is authorized under section 533 of the Housing Act of 1949, as amended. Grants are made to eligible private nonprofit groups, Indian tribes, and government agencies for the rehabilitation of single family housing owned by low-income and very low-income families and the rehabilitation of rental and cooperative housing for low and very low-income families.

FARMERS HOME ADMINISTRATION
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1993 and Estimated 1994 and 1995

Rural Housing Preservation Grant Program

	1993 Amount	1994 Amount	1995 Amount
Alabama.....	705,000	555,380	555,380
Alaska.....	--	190,400	190,400
Arizona.....	250,000	374,120	374,120
Arkansas.....	483,000	455,740	455,740
California.....	718,310	816,560	816,560
Colorado.....	273,000	229,360	229,360
Connecticut.....	--	169,760	169,760
Delaware.....	200,000	129,260	129,260
Florida.....	542,220	545,060	545,060
Georgia.....	530,360	695,520	695,520
Hawaii.....	158,000	195,020	195,020
Idaho.....	304,000	214,420	214,420
Illinois.....	596,800	446,500	446,500
Indiana.....	468,000	432,178	432,178
Iowa.....	390,000	306,360	306,360
Kansas.....	283,000	274,020	274,020
Kentucky.....	835,920	636,380	636,380
Louisiana.....	561,000	588,180	588,180
Maine.....	258,000	240,600	240,600
Maryland.....	360,000	235,520	235,520
Massachusetts.....	343,380	222,120	222,120
Michigan.....	570,980	558,460	558,460
Minnesota.....	462,080	357,640	357,640
Mississippi.....	662,500	589,720	589,720
Missouri.....	553,800	478,840	478,840
Montana.....	270,000	195,480	195,480
Nebraska.....	380,000	209,802	209,802
Nevada.....	128,000	140,500	140,500
New Hampshire.....	179,000	177,460	177,460
New Jersey.....	290,000	201,180	201,180
New Mexico.....	251,000	321,300	321,300
New York.....	540,000	523,960	523,960
North Carolina.....	893,000	792,540	792,540
North Dakota.....	288,940	163,600	163,600
Ohio.....	811,430	631,300	631,300
Oklahoma.....	390,000	395,220	395,220
Oregon.....	376,660	319,140	319,140
Pennsylvania.....	729,000	667,798	667,798
Rhode Island.....	114,000	116,180	116,180
South Carolina.....	600,000	514,260	514,260
South Dakota.....	266,750	191,940	191,940
Tennessee.....	972,300	557,842	557,842
Texas.....	1,020,000	1,276,560	1,276,560
Utah.....	200,000	166,220	166,220
Vermont.....	168,000	162,060	162,060
Virginia.....	691,100	509,640	509,640
Washington.....	328,000	368,420	368,420
West Virginia.....	386,280	398,300	398,300
Wisconsin.....	471,190	388,440	388,440
Wyoming.....	258,000	147,280	147,280
Puerto Rico.....	988,000	858,140	858,140
Trust Territories..	500,000	226,280	226,280
Virgin Islands.....	--	142,040	142,040
N/O Reserve.....	--	2,300,000	2,300,000
Total Avail./Est...	23,000,000	23,000,000	23,000,000

FARMERS HOME ADMINISTRATION

Compensation for Construction Defects:

For compensation for construction defects as authorized by section 509(c) of the Housing Act of 1949, as amended, \$500,000, to remain available until expended.

Compensation for Construction Defects

Appropriation Act, 1994.....	\$500,000
Budget Estimate, 1995.....	500,000
Change in Appropriation.....	<u>0</u>

PROJECT STATEMENT

(On basis of adjusted appropriation and
on basis of obligations under available funds)

Project	: 1993 : Actual	: 1994 : Appropriated:	: Increase or : Decrease	: 1995 : Estimated
Compensation for construction defects.....	\$306,170	\$1,850,189	-1,350,189	\$500,000
Recovery of prior year obligations.....	6,749	0	0	0
Unobligated balance available, start of year.....	-1,163,108	-1,350,189	1,350,189	0
Unobligated balance available, end of year.....	1,350,189	0	0	0
Total Appropriation.....	500,000	500,000	0	500,000

Staff-years are reflected in the Salaries and Expenses Project Statement.

Note - Under the Secretary's proposed reorganization plan this account will be part of Rural Housing and Community Development Service.

EXPLANATION OF PROGRAM

This grant program is authorized under section 509(c) of the Housing Act of 1949, as amended. The Secretary of Agriculture is authorized to make expenditures to correct structural defects, or to pay claims of owners arising from such defects on newly constructed dwellings purchased with FmHA financial assistance. Claims will not be paid until provisions under the builder's warranty have been fully pursued. Requests for compensation for construction defects must be made within eighteen months after the date financial assistance was granted.

FARMERS HOME ADMINISTRATION
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1993 and Estimated 1994 and 1995

Compensation for Construction Defects

	1993 Amount	1994 Amount	1995 Amount
Alabama.....	4,250	--	--
Arizona.....	--	--	--
Arkansas.....	11,922	--	--
California.....	15,534	--	--
Georgia.....	3,965	--	--
Kentucky.....	24,011	--	--
Louisiana.....	12,096	--	--
Maine.....	7,555	--	--
Massachusetts.....	2,840	--	--
Michigan.....	--	--	--
Mississippi.....	5,250	--	--
Missouri.....	16,020	--	--
New Hampshire.....	9,965	--	--
New Mexico.....	850	--	--
New York.....	6,000	--	--
North Carolina.....	1,584	--	--
Ohio.....	2,415	--	--
Pennsylvania.....	145,312	--	--
Tennessee.....	6,840	--	--
Virginia.....	19,477	--	--
West Virginia.....	6,225	--	--
Wisconsin.....	4,059	--	--
Total Avail./Est...	306,170	1,850,189 a/b/	500,000 a/

a/ Cannot be distributed by geographic area in advance.

b/ Includes carryover of \$1,350,189.

FARMERS HOME ADMINISTRATION

Supervisory and Technical Assistance Grants:

For grants pursuant to sections 509(g)(6) and 525 of the Housing Act of 1949, \$2,500,000, to remain available until expended.

Supervisory and Technical Assistance Grants

Appropriation Act, 1994.....	\$2,500,000
Budget Estimate, 1995.....	2,500,000
Change in Appropriation.....	<u>0</u>

PROJECT STATEMENT

(On basis of appropriation and
on basis of obligations under available funds)

Project	1993 Actual	1994 Appropriated:	Increase or Decrease	1995 Estimated
Supervisory & technical assistance grants.....	0	\$4,500,000	\$1,000,000	\$5,500,000
Unobligated balance available, start of year.....	\$-2,500,000	-5,000,000	2,000,000	-3,000,000
Unobligated balance available, end of year.....	5,000,000	3,000,000	-3,000,000	0
Total Appropriation.....	2,500,000	2,500,000	0	2,500,000

Staff-years are reflected in the Salaries and Expenses Project Statement.

Note - Under the Secretary's proposed reorganization plan this account will be part of Rural Housing and Community Development Service.

EXPLANATION OF PROGRAM

This grant program is authorized under section 509 of the Housing Act of 1949, as amended. Grants are made to public and private nonprofit organizations for packaging loan applications for housing assistance under the various housing programs of the Agency. The assistance is directed to very low-income families in underserved areas where at least 20 percent of the population is below the poverty level and at least 10 percent or more of the population resides in substandard housing.

FARMERS HOME ADMINISTRATION
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1993 and Estimated 1994 and 1995

Supervisory Technical Assistance Grants

	1993 Amount	1994 Amount	1995 Amount
Total Avail./Est....	--	7,500,000 a/b/	2,500,000 a/

a/ Cannot be distributed by geographic area in advance.

b/ Includes carryover of \$5,000,000.

FARMERS HOME ADMINISTRATION

The 1995 Budget Estimates include proposed language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Self-Help Housing [Land Development Fund] Program Account:

For [direct loans pursuant to] gross obligations for the principal amount of direct loans, as authorized by section 523(b)(1)(B) of the Housing Act of 1949, as amended (42 U.S.C. 1490c), [\$622,000] \$603,000.

For [an amount, for] the cost of direct loans, including the cost of modifying loans, as defined in section 502 of the Congressional Budget Act of 1974, of direct loans [\$23,000] \$11,000.

In addition, for administrative expenses necessary to carry out the direct loan program, \$14,000.

Self-Help Housing Land Development Fund - Program Account
(On basis of loan level, subsidy, and administrative expenses)
(In thousands of dollars)

	<u>Loan Level</u>	<u>Subsidy</u>	<u>Administrative Expenses</u>
Appropriation Act, 1994.....	\$622	\$23	\$14
Budget Estimate, 1995.....	<u>603</u>	<u>11</u>	<u>14</u>
Change in Appropriation.....	<u>-19</u>	<u>-12</u>	<u>0</u>

PROJECT STATEMENT

(On basis of loan level, subsidy, and administrative expenses)
(In thousands of dollars)

Project	: 1993 : : Actual	: 1994 : : Appropriated	: Decrease	: 1995 : : Estimated
Self-Help housing site loans:	:	:	:	:
Direct loans.....	0	\$622	-\$19 (1)	\$603
Direct loans subsidy.....	0	23	-12 (2)	11
Administrative expense.....	\$21	14	0	14

Staff-years are reflected in the Salaries and Expenses Project Statement.

Note - Under the Secretary's proposed reorganization plan this account will be part of Rural Housing and Community Development Service.

PROJECT STATEMENT

(On basis of 1994 loan level and subsidy supportable
under 1994 Appropriation Act)
(In thousands of dollars)

Item of Change	: 1994 : : Appropriated	: Increase	: 1994 : : Current Estimate
Self-help housing site loans:	:	:	:
Direct loans.....	\$622	\$28	\$650
Direct loan subsidy.....	23	0	23

EXPLANATION OF PROGRAM

This revolving fund is authorized under Section 523 (b)(1)(B) of the Housing Act of 1949, as amended. The fund is used for making loans to public or private nonprofit organizations for the acquisition and development of land as building sites to be subdivided and sold to eligible families, nonprofit organizations, and cooperatives.

JUSTIFICATION OF INCREASES

- (1) A decrease of \$19,000 for self-help housing site loan program (\$622,000 available in FY 1994).

Need for Change. The Budget proposes an decrease in the amount available for self-help housing site loans as there has been little or no demand for this program throughout the years. Families eligible to be assisted under this program may request assistance under other programs of the Agency. Also, HUD programs are available providing affordable housing to low- and very low-income families.

Nature of Change. The program level will provide 1 loan in FY 1995.

- (2) A decrease of \$12,000 for the direct loan subsidy (\$23,000 available in FY 1994).

Need for Change. This estimated subsidy amount is necessary to support the direct loan obligations associated with the supportable FY 1995 loan level.

**FARMERS HOME ADMINISTRATION
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1993 and Estimated 1994 and 1995**

Self-Help Housing Land Development Fund

	1993 Amount	1994 Amount	1995 Amount
	-----	-----	-----
	--	--	--
	-----	-----	-----
Total Avail./Est...	--	622,000 a/	368,000 a/
	-----	-----	-----

a/ Cannot be distributed by geographic area in advance.

FARMERS HOME ADMINISTRATION

PASSENGER MOTOR VEHICLES

The 1995 Budget Estimates propose the replacement of one passenger motor vehicle.

The passenger motor vehicles of the Farmers Home Administration are used primarily by the County Supervisors in the Pacific Islands for the performance of their daily work. None of the vehicles are used in the contiguous United States or Washington, D.C. The vehicles are used in areas where privately-owned vehicles and common carrier facilities are either non-existent, uneconomical, or inadequate due to the nature of the travel which requires a high degree of mobility with frequent stops at rural housing sites and farm properties. FmHA personnel are required to inspect and appraise homes and farms on which loan applications are pending. They also must visit various properties frequently to perform loan servicing activities.

Passenger motor vehicles are not assigned to one individual exclusively and are at locations where more than one employee has a need for them. This allows several employees to use a single vehicle and minimizes the number of vehicles and maintenance costs.

Replacement of passenger motor vehicles. Replacement of one passenger motor vehicle now in operation is proposed. This vehicle is located in the Western Pacific and must be replaced because of excessive rust and corrosion. The high salt spray content and high humidity of the air in this region are very conducive to corrosion and shorten the serviceability period of motor vehicles. In addition, roads are frequently unpaved and the rough terrain contributes to excessive wear. Repair and maintenance of vehicles is generally not available in some of these remote areas. The small size of these islands also precludes high mileage being accumulated on vehicles before requiring replacement. When possible, sedans and other passenger motor vehicles are replaced by all-terrain vehicles.

Age and mileage data for Farmers Home Administration passenger motor vehicles on hand as of September 30, 1993, are as follows:

<u>Age-Year Model</u>	<u>Age Data</u>			<u>Mileage Data</u>	
	<u>Number of Vehicles</u>	<u>Percent of Total</u>	<u>Lifetime Mileage (thousands)</u>	<u>Number of Vehicles</u>	<u>Percent of Total</u>
1985	1	33	40-50	1	33
1986	1	33	30-40	1	33
1991	1	34	10-20	1	34
Totals	3	100		3	100
	=	===		=	===

RURAL DEVELOPMENT ADMINISTRATION
Summary of Program Levels: FY 1993 - FY 1995
(Dollars in Thousands)

	FY 1993 Actual		FY 1994 Current Estimate		FY 1995 President's Budget	
	Number	Amount	Number	Amount	Number	Amount
RURAL DEVELOPMENT LOAN PROGRAMS						
Direct Water and Waste Lns.....	927	647,140	1,173	834,193	1,345	976,853
Guar. Water and Waste Lns.....	5	1,675	103	35,250	0	0
Direct Comm. Facility Lns.....	206	100,000	455	225,000	595	300,000
Guar. Comm. Facility Lns.....	53	52,346	74	75,000	73	75,000
Guar. Business & Industry Lns.....	97	100,000	237	249,381	1,041	1,116,344
Guar. B&I Disaster Supp.(Sub).....	0	0	97	105,000	0	0
Guar. B&I (Unsub) Emer. Supp.....	94	87,402	46	50,000	0	0
RDLF-Intermediary Relending Lns...	42	32,500	127	100,000	155	125,000
RDLF-Intermediary Relend Em Supp..	1	1,200	0	0	0	0
Alcohol Fuels Guar. Loans.....	0	0	16	18,610	0	0
Rural Telecommunications Loans....	0	0	0	0	120	15,000
Direct Rural Dev. Loans.....	1,176	780,840	1,755	1,159,193	2,215	1,416,853
Guaranteed Rural Dev. Loans.....	249	241,423	573	533,241	1,114	1,191,344
Subtotal Rural Dev. Loans.....	1,425	1,022,263	2,328	1,692,434	3,329	2,608,197
RURAL DEVELOPMENT GRANTS						
Water and Waste Grants.....	1,325	423,865	1,433	508,037	1,430	525,000
Rural Business Enterprise Grants..	125	20,750	251	42,500	328	50,000
Solid Waste Management Grants.....	30	3,000	29	3,000	31	3,200
Emer Comm Water Asst Grants.....	51	10,000	50	10,000	0	0
Emer Comm Water Asst Gt Em Supp...	3	700	88	20,000	0	0
Tech Asst & Planning Grants.....	0	0	20	1,500	125	5,000
Tech Dev. Demonstration Grants....	0	0	0	0	65	5,000
Subtotal Rural Dev. Grants.....	1,534	458,315	1,871	585,037	1,979	588,200
TOTAL RURAL DEVELOPMENT PROGRAMS..	2,959	1,480,578	4,199	2,277,471	5,308	3,196,397
OTHER PROGRAMS						
Fire Grants	3,271	3,500	3,210	3,500	4,491	5,000

RURAL DEVELOPMENT ADMINISTRATION
COMPARISON OF LOAN DELINQUENT RATE
(Dollars in Thousands)

September 30, 1992										September 30, 1993									
All Borrowers					Borrowers Delinquent					All Borrowers					Borrowers Delinquent				
Number	Amount of Loans Outstanding	Number	% of Del	Amount of All	Number	Amount of Loans Outstanding	Number	% of Del	Amount of All	Number	Amount of Loans Outstanding	Number	% of Del	Amount of All	Number	Amount of Loans Outstanding	Number	% of Del	Amount of All
Rural Development Insur. Fund																			
Community Facilities Loans:																			
7,218	3,580,076	69	1	5,641	0	7,468	3,848,452	48	1	4,171	0								
--	--	--	--	--	--	12	914,996	0	0	0	0								
1,991	1,015,131	45	2	6,273	1	2,013	1,026,609	39	2	4,642	0								
--	--	--	--	--	--	57	35,737	1	2	837	2								
Business and Industry Loans:																			
18	13,600	3	17	702	5	14	6,972	1	7	326	5								
1,290	1,080,013	181	14	135,503	13	1,043	1,000,405	181	17	135,503	14								
7	2,771	1	14	9	0	14	5,477	1	7	115	2								
Association Loans:																			
--	--	--	--	--	--	395	33,186	6	2	95	0								
--	--	--	--	--	--	175	52,403	1	1	26	0								
--	--	--	--	--	--	105	7,423	2	2	160	2								
--	--	--	--	--	--	5	73	--	--	--	--								
10,524	5,691,591	299	3	148,128	3	11,301	6,931,733	280	3	145,875	2								
Subtotal, RDIF.....																			
Community Service Adminis. 2/																			
Economic Opportunity Loans:																			
24	41	20	83	60	146	17	32	15	88	47	147								
14	1,045	2	14	115	11	0	0	0	0	0	0								
						11	747	1	9	32	4								
101	5,012	15	15	67	1	66	693	9	14	34	5								
139	6,098	37	27	242	4	83	725	24	29	81	11								
10,663	5,697,689	336	3	148,370	3	11,384	6,932,458	304	3	145,956	2								
Total, RDA.....																			

1/ Information on Intermediary Relending Loans not available at this time.

2/ RDA is responsible only for servicing on Equal Opportunity Loans, the last of which were made in FY 1974.

RURAL DEVELOPMENT ADMINISTRATION
Direct Aging Schedule of Loan Delinquencies - Sept. 30, 1993
(Dollars in thousands)

Total Delinquent For all Years		1 Yr or Less Delinquent			1 to 2 Years Delinquent			2 to 3 Years Delinquent			3 to 4 Years Delinquent			Over 4 Years Delinquent		
Number	Amount Delinq.	% Del	Number	% Delinq. Del	% Del	Number	% Delinq. Del	% Del	Number	% Delinq. Del	% Del	Number	% Delinq. Del	% Del	Number	% Delinq. Del
Rural Development																
Community Facilities Loans:																
48	\$4,171	30 63	30	\$418 10	4 8	\$259 6	2 4	\$61 1	1 2	\$230 6	11 23	\$3,203 77				
39	4,642	20 51	251 5	10 26	895 19	3 8	510 11	1 3	310 7	5 13	2,676 58					
Business and Industry Lns:																
1	326	0 0	0 0	0 0	0 0	0 0	1 100	326 100	0 0	0 0	0 0	0 0				
Guaranteed.....1/																
1	115	0 0	0 0	0 0	0 0	0 0	1 100	115 100	0 0	0 0	0 0	0 0				
Association Loans:																
6	95	3 50	18 19	2 33	52 55	1 17	25 26	0 0	0 0	0 0	0 0	0 0				
1	26	1 100	26 100	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0				
2	160	0 0	0 0	0 0	0 0	0 0	0 0	0 0	1 50	43 27	1 50	117 73				
98	9,535	54 55	713 7	16 16	1,206 13	8 8	1,037 11	3 3	583 6	17 17	5,996 63					
Total, RD.....																
Community Service Adminis. 2/																
Economic Opportunity Loans:																
15	47	1 7	3 6	2 13	7 15	1 7	0 0	0 0	0 0	0 0	11 73	37 79				
2	115	1 50	16 14	0 0	0 0	0 0	0 0	0 0	0 0	0 0	1 50	99 86				
1	32	0 0	0 0	1 100	32 100	0 0	0 0	0 0	0 0	0 0	0 0	0 0				
9	34	4 44	1 3	1 11	0 0	1 11	1 3	0 0	0 0	0 0	3 33	32 94				
BRLF and FMAA Other.....																
27	228	6 22	20 9	4 15	39 17	2 7	1 0	0 0	0 0	0 0	15 56	168 74				
Total, CSA....																
125	9,763	60 48	733 8	20 16	1,245 13	10 8	1,038 11	3 2	583 6	32 26	6,164 63					
Total, RDA....																

1/ Information on Guaranteed Loan and Intermediary Retending Loans not available at this time.

2/ RDA is responsible only for servicing the Equal Opportunity Loans, the last of which were made in FY 1974.

PROPOSED LANGUAGE CHANGES
RURAL DEVELOPMENT ADMINISTRATION

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

Rural Development Insurance Fund Program Account:

For gross obligations for the principal amount of direct and guaranteed loans as authorized by 7 U.S.C. 1928 and 86 Stat. 661-664, as amended, to be available from funds in the Rural Development Insurance Fund, as follows: water and sewer facility loans, [\$869,443,000, of which \$35,250,000 shall be for guaranteed loans] \$976,853,000; community facility loans, [\$300,000,000] \$375,000,000 of which \$75,000,000 shall be for guaranteed loans; and guaranteed industrial development loans, [\$249,381,000] \$1,116,344,000: Provided, That none of the funds made available in this Act may be used to make transfers between the above limitations: Provided further, That of the amounts appropriated above, \$20,000,000 of direct water and sewer facility, \$13,000,000 of direct community facility, and \$25,000,000 of guaranteed industrial development loan funds shall be available, at least through July 30, 1995, for empowerment zones and enterprise communities, as authorized by title XIII of the Omnibus Budget Reconciliation Act of 1993.

For the cost of direct and guaranteed loans, including the cost of modifying loans, as defined in section 502 of the Congressional Budget Act of 1974, as follows: direct water and sewer facility loans, [\$115,786,000] \$136,466,000; direct community facility loans, [\$21,723,000] \$28,500,000; guaranteed community facility loans, [\$3,803,000] \$3,728,000; and guaranteed industrial development loans, [\$2,319,000] \$10,605,000: Provided, That of the amounts appropriated in this paragraph, \$5,410,000 for direct water and sewer facility loans, \$2,692,000 for direct community facility, and \$233,000 for guaranteed industrial development loans shall be available, at least through July 30, 1995, for empowerment zones and enterprise communities, as authorized by title XIII of the Omnibus Budget Reconciliation Act of 1993.

In addition, for administrative expenses necessary to carry out the direct and guaranteed loan programs, [\$58,194,000] \$57,327,000.

The first change eliminates the appropriation language for guaranteed water and sewer loans. No program is requested for guaranteed water and waste loans.

The second change includes appropriation language earmarking loan funds for empowerment zones and enterprise communities.

The third change includes appropriation language earmarking subsidy for empowerment zones and enterprise communities.

Rural Development Insurance Fund Program Account
(On basis of loan level, subsidy, and administrative expense)
(In thousands of dollars)

	Loan Level	Subsidy	Administrative Expense
Appropriations Act, FY 1994.....	\$1,418,824	\$143,631	\$58,194
Budget Estimate, FY 1995.....	2,468,197	179,299	57,727
Change in Appropriation.....	1,049,373	35,668	-467
	=====		

PROJECT STATEMENT
(On basis of appropriated loan levels, subsidies, and administrative expenses)
(In thousands of dollars)

Item of change	1993 Actual		1994 Appropriation		Increase or Decrease		1995 Estimate	
	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy
Water and waste disposal:								
Direct loans.....	\$647,140	\$82,142	\$834,193	\$115,786	\$142,660 (1):	\$20,680	\$976,853	\$136,466
Guaranteed loans.....	1,675	0	35,250	0	-35,250 (2):	0	0	0
Community facility:								
Direct loans.....	100,000	8,136	225,000	21,723	75,000 (3):	6,777	300,000	28,500
Guaranteed loans.....	52,346	0	75,000	3,803	0	-75	75,000	3,728
Business and industry:								
Guaranteed loans.....	100,000	5,437	249,381	2,319	866,963 (4):	8,286	1,116,344	10,605
Total:								
Direct loans and subsidies	\$747,140	\$90,278	\$1,059,193	\$137,509	\$217,660	\$27,457 (5):	\$1,276,853	\$164,966
Guaranteed loans and subsidies.....	154,021	5,437	359,631	6,122	831,713	8,211 (6):	1,191,344	14,333
Total:								
Loans and Subsidies.....	\$901,161	\$95,715	\$1,418,824	\$143,631	\$1,049,373	\$35,668	\$2,468,197	\$179,299
1992 Supplemental Act Carryover a/.....	87,402	4,735	0	0	0	0	0	0
1993/4 Flood Supplemental...b/.....			155,000	12,705	-155,000	-12,705	0	0
Total Budget Request.....	\$988,563	\$100,450	\$1,573,824	\$156,336	\$894,373	\$22,963	\$2,468,197	\$179,299
Administrative expenses c/.....	57,399	0	58,194	0	-467 (7):	0	57,727	0

Note. - Under the Secretary's proposed reorganization plan the water and waste disposal loans will be part of the Rural Utilities Service, the community facility loans will be part of the Rural Housing and Community Development Service and the business and industry loans will be part of the Rural Business and Cooperative Development Service.

Staff-years are reflected in the Salaries and Expense Project Statement.

a/ Guaranteed business & industry loan obligations.

b/ Includes guaranteed business & industry program level of \$50,000,000 and \$2,705,000 subsidy appropriated for relief from Midwest floods and subsidized guaranteed business & industry program level of \$105,000,000 and \$10,000,000 subsidy.

c/ Of the \$57,399,000 for administrative expenses in FY 1993, \$35,539,000 was obligated for FMAA Salaries and Expenses, \$21,755,000 was obligated for RDA Salaries and Expenses, and \$105,000 was program-related nonrecoverable costs. Of the \$58,194,000 in FY 1994, \$57,294,000 will be obligated for Salaries and Expenses, and \$900,000 will be obligated for program-related nonrecoverable costs. Of the \$57,727,000 in FY 1995, \$57,327,000 will be obligated for Salaries and Expenses, and \$400,000 will be obligated for program-related nonrecoverable costs.

PROJECT STATEMENT

(On basis of 1994 loan levels supportable under
subsidies provided in the 1994 Appropriations Act)
(In thousands of dollars)

Item of change	1994 Appropriation		Increase or Decrease		1994 Supportable Level	
	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy
Water and waste disposal:						
Direct loans.....	\$834,193	\$115,786	119,563	\$0	\$953,756	\$115,786
Guaranteed loans.....	35,250	0	0	0	35,250	0
Community facility:						
Direct loans.....	225,000	21,723	\$15,033	0	240,033	21,723
Guaranteed loans.....	75,000	3,803	-577	0	74,423	3,803
Business and industry:						
Guaranteed loans.....	249,381	2,319	-5,276	0	244,105	2,319
Total:						
Direct loans and subsidies	\$1,059,193	\$137,509	\$134,596	\$0	\$1,193,789	\$137,509
Guaranteed loans and subsidies.....	359,631	6,122	-5,853	0	353,778	6,122
Total:						
Loans and Subsidies.....	\$1,418,824	\$143,631	\$128,743	\$0	\$1,547,567	\$143,631
1993/4 Flood Supplemental:						
Business and Industry Supplemental :	50,000	2,705	234,737	0	284,737	2,705
Subsidized Business and Industry....	105,000	10,000	0	0	105,000	10,000
Total President's Budget.....	\$1,573,824	\$156,336	\$363,480	\$0	\$1,937,304	\$156,336

Staff-years are reflected in the Salaries and Expense Project Statement.

Note: Loan levels are increased because the subsidy rate has decreased. The FY 1994 Appropriation Act allows the total subsidy to be obligated and is not limited by the loan level in the Act. The Guaranteed Community Facility loan level is reduced because the subsidy rate has increased and cannot support the appropriated loan level.

EXPLANATION OF PROGRAM

As required by Title XIII, section 13201, of the Omnibus Budget Reconciliation Act of 1990, this account records the subsidy costs associated with the direct loan obligations and guaranteed loan commitments of this account in FY 1992 and beyond. Subsidy amounts are obtained by estimating the difference between the Government's cash disbursements and the net present value of the Government's cash inflows resulting from direct and guaranteed loans made through this account. For the requested FY 1995 direct loans of \$1,276,853,000 and guaranteed loans of \$1,191,344,000, the associated lifetime subsidy is estimated to be \$164,966,000 and \$14,333,000, respectively.

The Rural Development Act of 1972 authorized the establishment of the Rural Development Insurance fund under section 309A of the Consolidated Farm and Rural Development Act. This Act provided for transfer to the Rural Development Insurance Fund the assets and liabilities of the Agricultural Credit Insurance Fund applicable to loans for water systems and waste disposal facilities. This fund is used to insure or guarantee loans for water systems and waste disposal facilities, community facilities and industrial development in rural areas. A description of each type of loan follows:

Direct water and waste disposal loans. Loans are made to public bodies, organizations operated on a not for profit basis and Indian tribes on Federal and State Reservations and other Federally recognized Indian tribes, for the development of storage, treatment, purification, or distribution of water or the collection, treatment, or disposal of waste in rural areas. A rural area includes any area in any city or town which has a population of not more than 10,000 inhabitants.

Applicants must be unable to obtain sufficient credit elsewhere to finance actual needs at reasonable rates and terms. RDA loans are repayable in not more than 40 years or the useful life of the facility, whichever is less. These loans bear interest not in excess of the current market yield for comparable term municipal obligations. Those loans, made in areas where the median household income falls below the higher of 80 percent of the statewide nonmetropolitan median household income or the poverty level and the project is needed to meet health or sanitary standards, bear interest not in excess of 5 percent, the poverty line interest rate. The intermediate interest rate, which is the poverty line rate plus one-half the difference between the poverty line rate and the market rate, with a ceiling of 7 percent, applies when the loan does not meet the requirements of the poverty line rate and the median household income of the service area is not more than 100 percent of the nonmetropolitan median household income of the State.

Guaranteed water and waste disposal loans. Beginning in FY 1990, guaranteed loan authority was made available through the water and waste disposal loan program. Eligible borrowers and loan purposes are similar to those under the direct water and waste disposal loan program with the exception that loans involving tax-exempt obligations and loans involving a RDA grant may not be guaranteed. Normally, the guarantee will not exceed 80 percent, however, in extraordinary circumstances it may be increased up to a maximum of 90 percent. The interest rate is negotiated between the borrower and lender and may be a fixed or variable rate.

Direct community facility loans. Loans are made to public bodies, organizations operated on a not for profit basis and Indian tribes on Federal and State Reservations and other Federally recognized Indian tribes, to construct, enlarge, extend, or otherwise improve community facilities which provide essential services to rural residents. Such facilities include those providing or supporting overall community development such as fire and rescue services, health care, hydroelectric generation, and community, social and cultural benefits. Loans are made for facilities which primarily serve rural residents of open country and rural towns and villages of not more than 20,000 population.

Applicants must be unable to obtain sufficient credit elsewhere to finance actual needs at reasonable rates and terms. Loans are repayable in not more than the useful life of the facility or 40 years, whichever is less. These

loans bear interest not in excess of the current market yield for comparable term municipal obligations. Those loans, made in areas where the median household income falls below the higher of 80 percent of the statewide nonmetropolitan median household income or the poverty level and the project is needed to meet health or sanitary standards, bear interest not in excess of 5 percent which is the poverty line interest rate. The intermediate interest rate, which is the poverty line rate plus one-half the difference between the poverty line rate and the market rate, with a ceiling of 7 percent, applies when the loan does not meet the requirements of the poverty line rate and the median household income of the service area is not more than 100 percent of the nonmetropolitan median household income of the State. An additional 2 percent is added to the interest rate if the projects are built on prime farmland, unless the borrower is a public body and there are no suitable optional sites.

Guaranteed community facility loans. Beginning in FY 1990, guaranteed loan authority was made available through the community facilities loan program. Eligible borrowers and loan purposes are similar to those under the direct community facilities loan program with the exception that loans involving tax-exempt obligations and loans involving a FmHA grant may not be guaranteed. Normally, the guarantee will not exceed 80 percent, however, in extraordinary circumstances it may be increased up to a maximum of 90 percent. The interest rate is negotiated between the borrower and lender and may be a fixed or variable rate.

Guaranteed business and industrial development loans. These guaranteed loans are made to public, private, or cooperative organizations organized for profit or nonprofit, to certain Indian tribes or tribal groups, corporate entities, or to individuals for the purpose of improving the economic climate in rural areas. Such purposes include financing business and industrial acquisition, construction, conversion, enlargement, repair or modernization; financing the purchase and development of land, easements, rights-of-way, buildings, equipment, facilities, machinery, supplies and materials; and paying start-up costs and supplying working capital. Industrial development loans may be made in any area that is not within the outer boundary of any city having a population of 50,000 or more and its immediately adjacent urbanized and urbanizing areas with a population density of more than 100 persons per square mile. Special consideration for such loans is given to rural areas and cities having a population of 25,000 or less. To obtain a loan, a borrower must have the legal capacity necessary for constructing, operating, and maintaining the proposed facility and for obtaining, securing, and repaying the loan. A borrower must be financially sound and so organized and managed that efficient service will be provided. Loans may be guaranteed by FmHA not to exceed 90 percent of the loss. Guaranteed loans may be made with maturities of 7, 15 or 30 years, depending on the collateral, and bear interest at a rate agreed upon by the lender and borrower.

JUSTIFICATION OF INCREASES AND DECREASES

The Administration recognizes the need to continue financial assistance by providing direct water and waste loans to low-income communities to aid their efforts in meeting Federal water quality and drinking water standards. Improved water and waste disposal services in rural areas are essential elements in our Nation's efforts to sustain and revitalize rural communities. This program provides needed financial assistance to the poorest rural communities to improve their health and economic conditions. The development of water and waste disposal systems is necessary if the basic quality of life in rural areas is to be stabilized and improved.

The 1990 Environmental Protection Agency (EPA) Needs Survey indicates that rural areas with a population of less than 10,000 need \$14.2 billion to bring their wastewater treatment facilities into compliance with the Clean Water Act. The survey also shows that total backlog and future needs to the year 2010 are estimated to be \$42.2 billion. EPA's Office of Drinking Water issued a report, entitled "The National Compliance Report", which shows that 72 percent of community water systems in significant noncompliance with the Safe Drinking Water Act were very small systems. Many of the rural communities that are included in these statistics will need the assistance of water and waste disposal loans to bring their water or sewer systems into compliance at a cost the residents can afford.

The Food, Agriculture, Conservation and Trade Act of 1990, amended the Consolidated Farm and Rural Development Act to give rural businesses the same eligibility status as rural residents. Rural communities can now receive financial assistance to make needed improvements to their water and waste disposal facilities to meet the needs of rural businesses. Constructing or improving water and waste disposal facilities to meet the demands of rural businesses increased the already heavy demand for water and waste loans and grants.

The 1995 Budget Request reflects the Administration's continuing concern for rural development through continued funding for direct community facility loans. Priority will be given to low income rural communities that have the greatest need for public safety and health care services in accordance with the priority system set up in FmHA regulations.

As a major step in helping the Administration's goal of providing safe drinking water and adequate waste disposal services at reasonable user rates and providing essential community facilities for all rural areas, the poverty interest rate on the Rural Development Administration's Water and Waste Disposal and Community Facilities Direct Loans will be lowered to 4.5 percent. Lowering of the poverty interest rate is less expensive than using grant funds to accomplish the same objectives, based on the current market interest rates and other assumptions used in calculating the loan subsidy cost. It will also permit better utilization of the available Water and Waste Grant funds to assist more low income rural communities. Present law mandates that applicants have the option of the rate in effect at the time of loan approval or loan closing. Therefore, loans approved in prior years would have the option of the interest rate in effect at closing which could be significantly less.

The guaranteed business and industry loan program improves the economic and development climate and creates jobs in rural areas by bolstering the existing private credit structure through loan guarantees.

The President's Pacific Northwest Economic Recovery Initiative provides for economic adjustment assistance to workers, families, businesses, and communities affected by the President's Forest Plan for the Pacific Northwest and northern California. Funds will be made available through a combination of State allocations and an additional National Office reserve of \$23.5 million for guaranteed business and industry loans, \$15.8 million for direct and \$11.2 million for guaranteed community facility loans and \$11 million for direct water and waste loans.

The Initiative for Rural Empowerment Zones and Enterprise Communities will provide for self-sustaining, long-term economic development in areas of pervasive poverty, unemployment and general distress. This initiative creates empowerment zones and enterprise communities to demonstrate how innovative, comprehensive, strategic alliances between private, public and nonprofit entities can develop the capabilities for achieving economic self-sufficiency for the community and its residents. The budget requests an earmark of \$25 million for the Guaranteed Business and Industry Loans, \$13 million for Direct Community Facility Loans, and \$20 million for Direct Water and Waste Disposal Loans. The unobligated funds will revert to the National Office Reserve in July.

- (1) An increase of \$142,660,000 for direct water and waste loans (\$834,193,000 available in FY 1994).

Need for Change. The 1995 Budget Request reflects the Administration's continuing concern for rural development by proposing increased funding for direct water and waste disposal loans. This will provide increased assistance to rural communities to comply with Federal clean water environmental standards. These communities are unable to meet these expensive standards without Federal assistance. As of January 10, 1994, there were 1,563 applications and preapplications on hand totaling over \$1,784 million.

Nature of Change. This program level will provide support for 1,345 water and waste systems.

- (2) A decrease of \$35,250,000 for guaranteed water and waste loans (\$35,250,000 available in FY 1994).

Need for Change. No program is requested for guaranteed water and waste loans because alternative financing is available through tax-exempt bond issues.

- (3) An increase of \$75,000,000 for direct community facility loans (\$225,000,000 available in FY 1994).

Need for Change. The direct community facility loan level is increased to meet the continuing demand for construction of rural health care clinics, fire stations and equipment, and other vital facilities. As of January 10, 1994, there are 255 applications and preapplications on hand totaling over \$239 million.

Nature of Change. This program level will provide funds for 595 community facilities.

- (4) An increase of \$866,963,000 for guaranteed business and industry loans. (\$249,381,000 available in FY 1994).

Need for Change. The guaranteed loan program is increased to assist rural businesses in securing start-up capital and financing for expansion, creating jobs and helping diversify the rural economy. This investment will provide increased employment opportunities for rural communities and upgrade community infrastructure to improve the quality of life for rural residents.

Nature of Change. This program level will provide 1,041 loans.

- (5) An increase of \$27,457,000 for direct loan subsidy (\$137,509,000 available in FY 1994).

Need for Change. This estimated subsidy amount is necessary to support the direct loan obligations associated with the requested FY 1995 loan levels, as required under the provisions of the Omnibus Budget Reconciliation Act of 1990. The increase is attributed to the increased program level as well as an increased percentage of direct water and waste loans and community facility loans made at the poverty level. Also impacting this increase is a change in loan interest rates. The change provides for a market rate based on current market yield for comparable term municipal obligations, a poverty rate of 4.5 percent, and an intermediate rate one-half the difference between market rate and poverty rate.

- (6) An increase of \$8,211,000 in the guaranteed loan subsidy (\$6,122,000 available in FY 1994).

Need for Change. This estimated subsidy amount is necessary to support the guaranteed loan obligations associated with the requested FY 1995 loan levels, as required under the provisions of the Omnibus Budget Reconciliation Act of 1990. The increase is attributed to the increased program level.

- (7) A decrease of \$467,000 in administrative expenses.

Need for Change. Justification for administrative expenses in the amount of \$57,327,000 and the associated staff-years are reflected in the Salaries and Expenses Project Statement. The balance of \$400,000 will be retained by the program account for obligation of program-related, nonrecoverable cost such as environmental assessments, analysis and audits.

RURAL DEVELOPMENT ADMINISTRATION
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1993 and Estimated 1994 and 1995

Water and Waste Disposal Loan Program - Direct

	1993 Amount	1994 Amount	1995 Amount
Alabama.....	13,825,000	21,232,000	24,841,440
Alaska.....	1,450,000	2,064,000	2,414,880
Arizona.....	1,616,000	7,000,000	8,190,000
Arkansas.....	23,040,417	16,106,000	18,844,020
California.....	10,902,000	22,494,000	26,317,980
Colorado.....	5,528,000	6,817,000	7,975,890
Connecticut.....	2,514,000	5,586,000	6,535,620
Delaware.....	17,357,083	1,777,000	2,079,090
Florida.....	12,296,000	19,911,000	23,295,870
Georgia.....	11,622,000	27,842,000	32,575,140
Hawaii.....	--	1,583,000	1,852,110
Idaho.....	3,765,000	6,155,000	7,201,350
Illinois.....	16,388,000	21,952,000	25,683,840
Indiana.....	10,885,000	20,341,000	23,798,970
Iowa.....	19,031,000	12,972,000	15,177,240
Kansas.....	3,912,000	9,000,000	10,530,000
Kentucky.....	12,552,917	25,309,000	29,611,530
Louisiana.....	16,827,000	17,643,000	20,642,310
Maine.....	14,527,000	7,823,000	9,152,910
Maryland.....	7,085,000	7,849,000	9,183,330
Massachusetts.....	20,564,000	6,838,000	8,000,460
Michigan.....	12,565,000	29,806,000	34,873,020
Minnesota.....	16,308,000	15,595,000	18,246,150
Mississippi.....	15,328,299	22,728,000	26,591,760
Missouri.....	5,641,000	20,181,000	23,611,770
Montana.....	628,000	5,628,000	6,584,760
Nebraska.....	3,468,000	5,497,000	6,431,490
Nevada.....	400,000	1,699,000	1,987,830
New Hampshire.....	8,878,000	5,358,000	6,268,860
New Jersey.....	12,545,000	5,536,000	6,477,120
New Mexico.....	1,242,000	7,011,000	8,202,870
New York.....	9,104,583	25,507,000	29,843,190
North Carolina.....	16,301,250	34,414,000	40,264,380
North Dakota.....	708,000	3,724,000	4,357,080
Ohio.....	8,950,833	30,196,000	35,329,320
Oklahoma.....	12,099,000	13,766,000	16,106,220
Oregon.....	6,941,000	10,586,000	12,385,620
Pennsylvania.....	11,325,417	35,735,000	41,809,950
Rhode Island.....	250,000	1,307,000	1,529,190
South Carolina.....	17,145,000	17,835,000	20,866,950
South Dakota.....	3,695,000	4,446,000	5,201,820
Tennessee.....	17,736,000	23,408,000	27,387,360
Texas.....	22,457,917	36,984,000	43,271,280
Utah.....	1,683,000	2,973,000	3,478,410
Vermont.....	36,062,500	4,231,000	4,950,270
Virginia.....	19,353,000	20,930,000	24,488,100
Washington.....	5,831,000	12,664,000	14,816,880
West Virginia.....	75,509,863	16,405,000	19,193,850
Wisconsin.....	2,909,000	17,828,000	20,858,760
Wyoming.....	47,287,917	2,418,000	2,829,060
Puerto Rico.....	16,194,875	36,984,000	43,271,280
Trust Territories..	12,903,750	600,000	702,000
Virgin Islands.....	--	600,000	702,000
Natl. Ofc. Reserve	--	93,319,000	110,030,420
Total Avail./Est...	647,139,620	834,193,000	976,853,000

RURAL DEVELOPMENT ADMINISTRATION
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1993 and Estimated 1994 and 1995

Rural Development Insurance Fund
Water and Waste Disposal Loan Program - Guaranteed

	1993 Amount	1994 Amount	1995 Amount
Colorado.....	34,000	--	--
Florida.....	383,628	--	--
Mississippi.....	378,713	--	--
Oregon.....	25,000	--	--
Pennsylvania.....	205,703	--	--
Vermont.....	205,703	--	--
Wyoming.....	34,000	--	--
Puerto Rico.....	383,628	--	--
Trust Territories..	25,000	--	--
Total Avail./Est...	1,675,376	35,250,000 a/	0

a/ Cannot be distributed by geographic area in advance.

RURAL DEVELOPMENT ADMINISTRATION
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1993 and Estimated 1994 and 1995

Rural Development Insurance Fund
Community Facility Loan Program - Direct

	1993 Amount	1994 Amount	1995 Amount
Alabama.....	265,000	5,383,000	7,159,390
Alaska.....	290,000	1,054,000	1,401,820
Arizona.....	900,000	1,775,000	2,360,750
Arkansas.....	924,000	4,083,000	5,430,390
California.....	833,000	5,703,000	7,584,990
Colorado.....	830,000	1,728,000	2,298,240
Connecticut.....	738,000	1,416,000	1,883,280
Delaware.....	--	1,056,000	1,404,480
Florida.....	2,640,000	5,048,000	6,713,840
Georgia.....	1,879,000	7,059,000	9,388,470
Hawaii.....	--	184,000	244,720
Idaho.....	573,000	1,004,000	1,335,320
Illinois.....	1,226,000	5,566,000	7,402,780
Indiana.....	3,570,000	5,157,000	6,858,810
Iowa.....	1,551,000	3,289,000	4,374,370
Kansas.....	553,000	2,282,000	3,035,060
Kentucky.....	3,545,000	6,417,000	8,534,610
Louisiana.....	3,055,851	4,473,000	5,949,090
Maine.....	4,262,846	1,983,000	2,637,390
Maryland.....	2,470,000	1,990,000	2,646,700
Massachusetts.....	3,014,000	1,734,000	2,306,220
Michigan.....	2,765,000	7,557,000	10,050,810
Minnesota.....	4,057,549	3,954,000	5,258,820
Mississippi.....	3,668,371	5,762,000	7,663,460
Missouri.....	2,757,000	5,117,000	6,805,610
Montana.....	--	1,427,000	1,897,910
Nebraska.....	707,000	1,394,000	1,854,020
Nevada.....	1,525,000	1,019,000	1,355,270
New Hampshire.....	1,306,000	1,358,000	1,806,140
New Jersey.....	1,370,000	1,403,000	1,865,990
New Mexico.....	--	1,777,000	2,363,410
New York.....	1,449,000	6,467,000	8,601,110
North Carolina.....	2,799,000	8,725,000	11,604,250
North Dakota.....	--	1,474,000	1,960,420
Ohio.....	2,676,064	3,490,000	4,641,700
Oklahoma.....	2,587,000	3,490,000	4,641,700
Oregon.....	570,000	2,684,000	3,569,720
Pennsylvania.....	2,499,000	9,060,000	12,049,800
Rhode Island.....	1,349,000	1,004,000	1,335,320
South Carolina.....	2,033,000	4,522,000	6,014,260
South Dakota.....	720,000	1,127,000	1,498,910
Tennessee.....	2,960,000	5,935,000	7,893,550
Texas.....	3,387,234	9,377,000	12,471,410
Utah.....	3,726,000	1,284,000	1,707,720
Vermont.....	475,000	1,073,000	1,427,090
Virginia.....	3,180,000	5,306,000	7,056,980
Washington.....	200,000	3,211,000	4,270,630
West Virginia.....	3,786,668	4,159,000	5,531,470
Wisconsin.....	738,000	4,520,000	6,011,600
Wyoming.....	3,000,000	790,000	1,050,700
Puerto Rico.....	3,668,417	9,377,000	12,471,410
Virgin Islands.....	3,752,000	1,004,000	1,335,320
Trust Territories..	3,169,000	1,004,000	1,335,320
Natl. Ofc. Reserve	--	36,765,000	49,647,450
Total Avail./Est...	100,000,000	225,000,000	300,000,000

RURAL DEVELOPMENT ADMINISTRATION
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1993 and Estimated 1994 and 1995

Rural Development Insurance Fund
Community Facility Loan Program - Guaranteed

	1993 Amount	1994 Amount	1995 Amount
Alabama.....	--	1,039,000	1,039,000
Alaska.....	400,000	700,000	700,000
Arizona.....	--	700,000	700,000
Arkansas.....	--	1,035,000	1,035,000
California.....	--	1,446,000	1,446,000
Colorado.....	--	700,000	700,000
Connecticut.....	--	700,000	700,000
Delaware.....	--	700,000	700,000
Florida.....	630,000	1,280,000	1,280,000
Georgia.....	1,637,000	1,789,000	1,789,000
Hawaii.....	--	700,000	700,000
Idaho.....	--	700,000	700,000
Illinois.....	1,893,401	1,411,000	1,411,000
Indiana.....	--	1,307,000	1,307,000
Iowa.....	1,013,000	834,000	834,000
Kansas.....	80,000	700,000	700,000
Kentucky.....	3,000,000	1,626,000	1,626,000
Louisiana.....	972,000	1,134,000	1,134,000
Maine.....	764,000	700,000	700,000
Maryland.....	--	700,000	700,000
Massachusetts.....	885,000	700,000	700,000
Michigan.....	--	1,914,000	1,914,000
Minnesota.....	2,860,000	1,002,000	1,002,000
Mississippi.....	972,000	1,461,000	1,461,000
Missouri.....	1,525,000	1,297,000	1,297,000
Montana.....	735,000	700,000	700,000
Nebraska.....	430,000	700,000	700,000
Nevada.....	--	700,000	700,000
New Hampshire.....	--	700,000	700,000
New Jersey.....	--	700,000	700,000
New Mexico.....	89,000	700,000	700,000
New York.....	2,020,000	1,639,000	1,639,000
North Carolina.....	3,076,142	2,212,000	2,212,000
North Dakota.....	675,000	700,000	700,000
Ohio.....	1,640,000	1,940,000	1,940,000
Oklahoma.....	125,000	885,000	885,000
Oregon.....	--	700,000	700,000
Pennsylvania.....	3,241,117	2,296,000	2,296,000
Rhode Island.....	403,000	700,000	700,000
South Carolina.....	497,000	1,146,000	1,146,000
South Dakota.....	210,000	700,000	700,000
Tennessee.....	--	1,504,000	1,504,000
Texas.....	214,000	2,377,000	2,377,000
Utah.....	--	700,000	700,000
Vermont.....	715,000	700,000	700,000
Virginia.....	845,000	1,345,000	1,345,000
Washington.....	707,000	814,000	814,000
West Virginia.....	3,027,919	1,054,000	1,054,000
Wisconsin.....	1,900,000	1,146,000	1,146,000
Wyoming.....	3,443,147	700,000	700,000
Puerto Rico.....	3,764,000	2,377,000	2,377,000
Trust Territories..	1,107,000	700,000	700,000
Virgin Islands.....	6,849,944	700,000	700,000
Natl. Ofc. Reserve	--	17,490,000	17,490,000
Total Avail./Est...	52,345,670	75,000,000	75,000,000

RURAL DEVELOPMENT ADMINISTRATION
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1993 and Estimated 1994 and 1995

Rural Development Insurance Fund
Business and Industrial Development Loan Program - Guaranteed

	1993 Amount	1994 Amount	1995 Amount
Alabama.....	1,500,000	5,465,000	24,483,000
Alaska.....	--	531,000	2,379,000
Arizona.....	--	1,802,000	8,073,000
Arkansas.....	--	4,145,000	18,570,000
California.....	3,765,800	5,790,000	25,939,000
Colorado.....	250,000	1,755,000	7,862,000
Connecticut.....	--	1,438,000	6,442,000
Delaware.....	--	500,000	2,240,000
Florida.....	79,865,200	5,125,000	22,960,000
Georgia.....	8,480,000	7,166,000	32,104,000
Hawaii.....	650,000	500,000	2,240,000
Idaho.....	--	1,584,000	7,096,000
Illinois.....	821,000	5,650,000	25,312,000
Indiana.....	2,630,000	5,236,000	23,457,000
Iowa.....	7,450,700	3,339,000	14,959,000
Kansas.....	1,991,000	2,316,000	10,376,000
Kentucky.....	3,425,000	6,514,000	29,183,000
Louisiana.....	5,350,500	4,541,000	20,344,000
Maine.....	9,716,350	2,013,000	9,018,000
Maryland.....	--	2,020,000	9,050,000
Massachusetts.....	--	1,760,000	7,885,000
Michigan.....	3,297,000	7,672,000	34,371,000
Minnesota.....	4,386,000	4,014,000	17,983,000
Mississippi.....	2,400,000	5,850,000	26,208,000
Missouri.....	7,060,000	5,194,000	23,269,000
Montana.....	775,000	1,449,000	6,492,000
Nebraska.....	243,000	1,415,000	6,339,000
Nevada.....	--	500,000	2,240,000
New Hampshire.....	675,000	1,379,000	6,178,000
New Jersey.....	280,000	1,425,000	6,384,000
New Mexico.....	--	1,805,000	8,086,000
New York.....	2,690,000	6,565,000	29,411,000
North Carolina.....	6,318,500	8,858,000	39,684,000
North Dakota.....	5,085,000	959,000	4,296,000
Ohio.....	6,020,000	7,772,000	34,819,000
Oklahoma.....	900,000	3,543,000	15,873,000
Oregon.....	--	2,725,000	12,208,000
Pennsylvania.....	1,760,000	9,198,000	41,207,000
Rhode Island.....	--	500,000	2,240,000
South Carolina.....	4,191,850	4,591,000	20,568,000
South Dakota.....	721,000	1,144,000	5,125,000
Tennessee.....	3,300,000	6,025,000	26,992,000
Texas.....	4,674,000	9,517,000	42,636,000
Utah.....	--	765,000	3,427,000
Vermont.....	550,000	1,089,000	4,879,000
Virginia.....	750,000	5,387,000	24,134,000
Washington.....	--	3,260,000	14,605,000
West Virginia.....	2,630,000	4,223,000	18,919,000
Wisconsin.....	2,000,000	4,589,000	20,559,000
Wyoming.....	--	622,000	2,787,000
Puerto Rico.....	800,000	9,519,000	42,645,000
Trust Territories..	--	500,000	2,240,000
Virgin Islands.....	--	500,000	2,240,000
Reserve.....	--	57,637,000	257,319,000
Undistributed.....	--	155,000,000 a/	0
Total Avail./Est...	187,401,900 b/	404,381,000	1,116,335,000

a/ Authorized 155,000,000 by the Emergency Supplemental Appropriation Act of 1993, P. L. 103-50, dated July 2, 1993.

b/ Include funds authorized by Emergency Disaster Appropriation Act.

RURAL DEVELOPMENT ADMINISTRATION

The 1995 Budget Estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

Rural Development Loan Fund Program Account:

For the cost of direct loans [~~\$56,000,000~~] \$65,313,000, as authorized by the Rural Development Loan Fund (42 U.S.C. 9812(a)): Provided, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974: Provided further, That these funds are available to subsidize gross obligations for the principal amount of direct loans of not to exceed [~~\$100,000,000~~] \$125,000,000: Provided further, That at least through July 30, 1995, of these amounts, \$7,837,000 shall be available for the cost of direct loans, for empowerment zones and enterprise communities, as authorized by title XIII of the Omnibus Budget Reconciliation Act, to subsidize gross obligations for the principal amount of direct loans, \$15,000,000.

In addition, for administrative expenses necessary to carry out the direct loan programs, [~~\$1,481,000~~] \$2,177,000.

The change includes appropriation language earmarking funds for empowerment zones and enterprise communities.

RURAL DEVELOPMENT LOAN FUND PROGRAM ACCOUNT

(On basis of loan level, subsidy, and administrative expenses)

	<u>Loan Level</u>	<u>Subsidy</u>	<u>Administrative Expenses</u>
Appropriations Act, 1994.....	\$100,000,000	\$56,000,000	\$1,481,000
Budget Estimate, 1995.....	<u>125,000,000</u>	<u>65,313,000</u>	<u>2,177,000</u>
Increase in Appropriation.....	<u>25,000,000</u>	<u>9,313,000</u>	<u>696,000</u>

SUMMARY OF INCREASES

(On basis of loan level, subsidy, and administrative expenses)
(In thousands of dollars)

<u>Item of Change</u>	<u>1994</u> <u>Estimated</u>	<u>Program</u> <u>Changes</u>	<u>1995</u> <u>Estimated</u>
Total:			
Direct loans.....	\$100,000	\$25,000	\$125,000
Direct loan subsidy.....	56,000	9,313	65,313
Administrative expenses.....	1,481	696	2,177

Staff-years are reflected in the Salaries and Expenses Project Statement.

PROJECT STATEMENT

(On basis of supportable loan levels, subsidies, and administrative expenses)
(In thousands of dollars)

Item of change	FY 1993 Actual		FY 1994 Estimated		Increase or Decrease		FY 1995 Estimated	
	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy
Intermediary Relending Program:								
Direct Loans.....	\$32,500	\$17,622	\$100,000	\$56,000	\$25,000 (1)	\$9,313 (2)	\$125,000	\$65,313
Total:								
Direct Loans and Subsidies.....	\$32,500	\$17,622	\$100,000	\$56,000	\$25,000	\$9,313	\$125,000	\$65,313
1992 Supplemental Act Carryover.....	1,200	648	0	0	0	0	0	0
Total Budget Request.....	\$33,700	\$18,270	\$100,000	\$56,000	\$25,000	\$9,313	\$125,000	\$65,313
Administrative expenses a/.....	524	0	1,481	0	696 (3)	0	2,177	0

Note.. Under the Secretary's proposed reorganization plan this account will be part of Rural Business and Cooperative Development Service.

Staff-years are reflected in the Salaries and Expenses Project Statement.

a/ Of the \$1,481,000 administrative expenses in FY 1994, \$1,476,000 will be obligated for Salaries and Expenses and \$5,000 will be for obligations of program-related nonrecoverable cost. Of the \$2,177,000 in administrative expenses in FY 1995, \$2,172,000 will be obligated for Salaries and Expenses and \$5,000 will be for obligations of program-related nonrecoverable cost.

PROJECT STATEMENT

(On basis of 1994 loan levels supportable under
subsidies provided in the 1994 Appropriations Act.)
(In thousands of dollars)

Item of change	1994 Appropriated	Subsidy	Loan Level	Increase or Decrease	1994 Supportable Level
	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level
Intermediary Relending Program:					Subsidy
Direct loans.....	\$100,000	\$56,000	\$5,026	\$0	\$105,026
					\$56,000

Staff-years are reflected in the Salaries and Expense Project Statement.

Note: Loan levels are increased because the subsidy rate has decreased. The FY 1994 Appropriation Act allows the total subsidy to be obligated and is not limited by the loan level in the Act.

EXPLANATION OF PROGRAM

As required by Title XIII, section 13201, of the Omnibus Budget Reconciliation Act of 1990, this account records the subsidy costs associated with the direct loan obligations of this program in FY 1992 and beyond. Subsidy amounts are obtained by estimating the net present value of the Government's cash flows resulting from direct loans made through this account. For the requested FY 1995 loan level of \$125,000,000, the associated lifetime subsidy is estimated to be \$65,313,000. Corresponding administrative expenses and staff-years are justified in the Salaries and Expenses Project Statement.

Loans will be made to intermediary borrowers (i.e. small investment groups) who in turn will relend the funds to rural businesses, community development corporations, private nonprofit organizations, etc. for the purpose of improving business, industry, community facilities, and employment opportunities and diversification of the economy in rural areas.

JUSTIFICATION OF INCREASES

The President's Pacific Northwest Economic Recovery Initiative provides for economic adjustment assistance to workers, families, businesses, and communities affected by the President's Forest Plan for the Pacific Northwest and northern California. Funds for the Pacific Northwest Economic Recovery Initiative will be made available through a combination of State allocations and an additional National Office reserve of \$16 million.

The Initiative for Rural Empowerment Zones and Enterprise Communities will provide for self-sustaining, long-term economic development in areas of pervasive poverty, unemployment and general distress. This initiative creates empowerment zones and enterprise communities to demonstrate how innovative, comprehensive, strategic alliances between private, public and nonprofit entities can develop the capabilities for achieving economic self-sufficiency for the community and its residents. The budget requests an earmark of \$7,837,000 in subsidy for Rural Empowerment Zones and Enterprise Communities. The unobligated funds will revert to the National Office Reserve in July.

- (1) An increase of \$25,000,000 in the intermediary relending program loan level (\$100,000,000 available in FY 1994).

Need for Change. The increased program level will aid in the support of the Rural Development Initiative and will meet increased demand resulting from the new initiatives discussed above.

Nature of Change. The program level will provide 155 loans to intermediary relenders in FY 1995.

- (2) An increase of \$9,313,000 in the rural development direct loan subsidy (\$56,000,000 available in FY 1994).

Need for Change. This estimated subsidy amount is necessary to support the direct loan obligations associated with the requested FY 1995 loan level, under the provisions of the Omnibus Budget Reconciliation Act of 1990. The increase is attributed to the increase in the program level.

- (3) An increase of \$696,000 in administrative expenses (\$1,481,000 available in FY 1994).

Justification for administrative expenses in the amount of \$2,172,000 and the associated staff-years are reflected in the Salaries and Expenses Project Statement. The balance of \$5,000 will be retained by the program account for obligation of program related, nonrecoverable costs.

RURAL DEVELOPMENT ADMINISTRATION
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1993 and Estimated 1994 and 1995

Rural Development Loan Fund
Intermediary Relending Program Loans

	1993 Amount	1994 Amount	1995 Amount
Alabama.....	600,000	--	--
Alaska.....	1,000,000	--	--
Arizona.....	750,000	--	--
Arkansas.....	2,750,000	--	--
California.....	2,000,000	--	--
Colorado.....	--	--	--
Connecticut.....	--	--	--
Delaware.....	--	--	--
Florida.....	--	--	--
Georgia.....	--	--	--
Hawaii.....	--	--	--
Idaho.....	500,000	--	--
Illinois.....	1,200,000	--	--
Indiana.....	--	--	--
Iowa.....	1,500,000	--	--
Kansas.....	--	--	--
Kentucky.....	--	--	--
Louisiana.....	2,000,000	--	--
Maine.....	1,250,000	--	--
Maryland.....	300,000	--	--
Massachusetts.....	--	--	--
Michigan.....	2,000,000	--	--
Minnesota.....	4,900,000	--	--
Mississippi.....	--	--	--
Missouri.....	1,000,000	--	--
Montana.....	--	--	--
Nebraska.....	--	--	--
Nevada.....	--	--	--
New Hampshire.....	--	--	--
New Jersey.....	--	--	--
New Mexico.....	--	--	--
New York.....	500,000	--	--
North Carolina.....	--	--	--
North Dakota.....	500,000	--	--
Ohio.....	750,000	--	--
Oklahoma.....	--	--	--
Oregon.....	1,000,000	--	--
Pennsylvania.....	1,000,000	--	--
Rhode Island.....	--	--	--
South Carolina.....	2,500,000	--	--
South Dakota.....	--	--	--
Tennessee.....	2,350,000	--	--
Texas.....	--	--	--
Vermont.....	--	--	--
Virginia.....	300,000	--	--
Washington.....	1,000,000	--	--
West Virginia.....	--	--	--
Wisconsin.....	750,000	--	--
Wyoming.....	--	--	--
Puerto Rico.....	1,300,000	--	--
Trust Territories..	--	--	--
Virgin Islands.....	--	--	--
Total Avail./Est...	33,700,000 b/	100,000,000 a/	125,000,000 a/

a/ Cannot be distributed by geographic area in advance.

b/ Includes \$1,200,000 authorized by the Dire Emergency Supplemental Appropriation Act, P.L. 102-368, dated September 23, 1992, to provide assistance to distressed communities as a result of natural disasters.

RURAL DEVELOPMENT ADMINISTRATION

The 1995 Budget Estimates include proposed changes in the language of this item as follows (new language underscored):

Rural Telecommunication Partnership Loan Program Account:

For the cost of direct loans \$636,000, pursuant to section 310B(i) of the Consolidated Farm and Rural Development Act, as amended, (7 U.S.C. 1932): Provided, That such cost, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974: Provided further, That these funds are available to subsidize gross obligations for the principal amount of direct loans of \$15,000,000.

In addition, for administrative expenses necessary to carry out the direct loan programs, \$1,503,000.

This new loan program was authorized by section 2337 of the Food, Agriculture, Conservation and Trade Act of 1990.

RURAL TELECOMMUNICATION PARTNERSHIP LOAN PROGRAM ACCOUNT
(On basis of loan level, subsidy, and administrative expense)

	<u>Loan Level</u>	<u>Subsidy</u>	<u>Administrative Expenses</u>
Appropriations Act, 1994.....	0	0	0
Budget Estimate, 1995.....	\$15,000,000	\$636,000	\$1,503,000
Increase in Appropriation.....	15,000,000	636,000	1,503,000

SUMMARY OF INCREASES AND DECREASES
(On basis of loan level, subsidy, and administrative expenses)
(In thousands of dollars)

<u>Item of Change</u>	<u>1994 Estimated</u>	<u>Program Changes</u>	<u>1995 Estimated</u>
Total:			
Direct loans.....	0	\$15,000	\$15,000
Direct loan subsidy.....	0	636	636
Administrative expense.....	0	1,503	1,503

Staff-years are reflected in the Salaries and Expenses Project Statement.

Geographic breakdown of obligations of \$15,000,000 for FY 1995 cannot be distributed in advance.

PROJECT STATEMENT

On basis of supportable loan levels, subsidies, and administrative expenses
(In thousands of dollars)

Item of change	FY 1993 Actual	FY 1994 Estimated	Increase or Decrease	FY 1995 Estimated
	Loan Level	Subsidy	Loan Level	Subsidy
Rural Tele. Partner. Loan Program:				
Direct loans.....	\$0	\$0	\$0	\$636 (2)
Total:				
Direct Loans and Subsidies.....	\$0	\$0	\$15,000 (1)	\$15,000
Administrative expenses.....	0	0	\$636	\$636
			1,503 (3)	1,503
			0	0

Note. Under the Secretary's proposed reorganization plan this account will be part of the Rural Utilities Service.

Staff-years are reflected in the Salaries and Expenses Project Statement.

EXPLANATION OF PROGRAM

As required by Title XIII, section 13201, of the Omnibus Budget Reconciliation Act of 1990, this account records the subsidy cost associated with the direct loan obligations of this program in FY 1995 and beyond. Subsidy amounts are obtained by estimating the net present value of the Government's cash flows resulting from direct loans made through this account. For the requested FY 1995 loan level of \$15,000,000, the associated lifetime subsidy is estimated to be \$636,000. Corresponding administrative expenses and staff-years are justified in the Salaries and Expenses Project Statement.

Loans will be made available at low interest rates and at market rates to businesses, local governments, or public agencies in rural areas to fund facilities in which the loan recipients share telecommunications terminal equipment, computers, computer software, and computer hardware. This will improve telecommunication services in rural areas and provide access to advanced telecommunication services and computer networks to improve job opportunities and the business environment in rural areas.

JUSTIFICATION OF INCREASES

- (1) An increase of \$15,000,000 in the rural telecommunication partnership loan program level (\$0 available in FY 1994).

Need for Change. The rural telecommunication partnership loans are a new program proposed for FY 1995 under the provisions of the Food, Agriculture, Conservation, and Trade Act of 1990. These loans will enhance the business environment by providing facilities not normally available in rural areas but are needed to compete in the global business environment. These loans will improve job opportunities in rural areas and will enhance public safety and provide efficient local government services to rural residents and business.

Nature of Change. The program level will provide 120 loans to telecommunication recipients in FY 1995.

- (2) An increase of \$636,000 in the rural development direct loan subsidy (\$0 available in FY 1994).

Need for Change. This estimated subsidy amount is necessary to support the direct loan obligations associated with the requested FY 1995 loan level, under the provisions of the Omnibus Budget Reconciliation Act of 1990. The increase is attributed to the start-up cost of this loan program.

- (3) An increase of \$1,503,000 in administrative expenses (\$0 available in FY 1994). Justification for administrative expenses in the amount of \$1,503,000 and the associated staff-years are reflected in the Salaries and Expenses Project Statement.

RURAL DEVELOPMENT ADMINISTRATION

The 1995 Budget Estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

Rural Water and Waste Disposal Grants:

- For grants pursuant to section 306(a)(2) of the Consolidated Farm and Rural Development Act, as amended (7 U.S.C. 1926), [~~\$500,000,000~~] \$525,000,000, to remain available until expended, pursuant to section 306(d) of the above
- 1 Act[: Provided, That of this amount,] of which \$20,000,000 shall be available, at least through July 30, 1995, for empowerment zones and enterprise communities, as authorized by title XIII of the Omnibus Budget Reconciliation Act of 1993, and of which \$25,000,000 shall be available for
- 2 water and waste disposal to benefit the Colonias along the United States/Mexico border, including grants pursuant to section 306C: [Provided further, That of this amount, up to \$15,000,000 shall be available for project grants to remedy the dire sanitation conditions in rural Alaska villages in which the median household income does not exceed 110 percent of the statewide nonmetropolitan household income and that notwithstanding the consolidated Farm and Rural Development Act, Public Law 87-128, such grants shall be for 50 percent of the development cost of the project upon a State or local contribution of 50 percent of the development cost of the project:] Provide [further], That with the exception of the foregoing \$25,000,000, and
- 3,4 the foregoing [~~\$15,000,000~~] \$20,000,000, these funds shall not be used for any purpose not specified in section 306(a) of the Consolidated Farm and Rural Development Act.

The first change includes language earmarking funds for empowerment zones and enterprise communities.

The second change eliminates language earmarking funds for Alaska Rural Villages.

The third change eliminates funds earmarked for Alaska rural villages from the exemption to section 306(a) of the Consolidated Farm and Rural Development Act.

The fourth change adds the funds earmarked for empowerment zones and enterprise communities from the exemption to section 306(a) of the Consolidated Farm and Rural Development Act.

RURAL WATER AND WASTE DISPOSAL GRANTS

Appropriation Act, 1994.....	\$500,000,000
Budget Estimate, 1995.....	<u>525,000,000</u>
Increase in Appropriation.....	<u>25,000,000</u>
	=====

SUMMARY OF INCREASES AND DECREASES
(On basis of appropriation)

<u>Item of Change</u>	<u>1994 Estimated</u>	<u>Program Changes</u>	<u>1995 Estimated</u>
Rural water & waste disposal grants.....	\$460,000,000	\$20,000,000	\$480,000,000
Water and waste grants for Colonias.....	25,000,000	0	25,000,000
Water and waste grants for Alaska.....	15,000,000	-15,000,000	0
Water and waste grants for empowerment zones and enterprise communities.....	<u>0</u>	<u>20,000,000</u>	<u>20,000,000</u>
Total Available.....	<u>500,000,000</u>	<u>25,000,000</u>	<u>525,000,000</u>
	=====	=====	=====

PROJECT STATEMENT
(On basis of appropriation)

Project	1993 Actual	1994 Estimated	Increase	1995 Estimated
Rural water & waste disposal grants:				
Water supply.....	\$254,329,300	\$299,461,200	\$15,184,120	\$314,645,320
Waste disposal.....	142,323,503	166,912,800	8,463,280	175,376,080
Combination - water & waste disposal....	20,201,200	24,546,000	1,244,600	25,790,600
Technical assistance grants.....	7,010,730	9,080,000	108,000	9,188,000
Total Appropriation.....	\$423,864,733	\$500,000,000	\$25,000,000 (1)	\$525,000,000

The preceding tabulation is based on amounts included in appropriation acts. The following tabulation shows estimated obligations on an available funds basis, including balances brought forward from prior years.

PROJECT STATEMENT
(On basis of obligations under available funding)

Project	1993 Actual	1994 Estimated	Increase	1995 Estimated
Rural water & waste disposal grants:				
Water supply.....	\$254,329,300	\$304,363,925	\$10,281,395	\$314,645,320
Waste disposal.....	142,323,503	169,645,467	5,730,613	175,376,080
Combination - water & waste disposal.....	20,201,200	24,947,863	842,737	25,790,600
Technical assistance grants.....	7,010,730	9,080,000	108,000	9,188,000
Total Obligations.....	\$423,864,733	\$508,037,255	\$16,962,745 (1)	\$525,000,000
Recovery of prior year obligations.....	-4,059,827	0	0	0
Unobligated balance available, start of year.....	-28,442,161	-8,037,255	8,037,255	0
Unobligated balance transferred.....	20,000,000	0	0	0
Unobligated balance available, end of year.....	8,037,255	0	0	0
Unobligated balance expiring.....	5,600,000	0	0	0
Total available or estimate.....	\$425,000,000	\$500,000,000	\$25,000,000	\$525,000,000

Note.- Under the Secretary's proposed reorganization plan this account will be part of Rural Utilities Service.

Staff-years are reflected in the Salaries and Expenses Project Statement.

EXPLANATION OF PROGRAM

Section 306 of the Consolidated Farm and Rural Development Act, as amended, provides appropriation authority for grants for the development costs of water and waste disposal projects in rural areas.

Development grants may be made to associations, including corporations operating on a nonprofit basis, municipalities, authorities, districts, certain Indian tribes, and similar organizations generally designated as public or quasi-public agencies, that propose projects for development of storage, treatment, purification, or distribution of domestic water or the collection, treatment, or disposal of waste in rural areas. Grants may be made to assist eligible applicants to pay for part of the development cost of such projects if necessary to reduce user charges to a reasonable level. In addition, grants may be made to private nonprofit organizations that have experience in providing technical assistance and training for such purposes as assisting in identifying and evaluating alternative solutions to problems relating to water and waste disposal, preparing applications, and improving operation and maintenance practices at existing plants. Combined loans and grants may be made when the applicant is able to repay part, but not all, of the project costs.

Grants also may be made to supplement other funds borrowed or furnished by applicants to pay development costs. An eligible project must serve a rural area which is not likely to decline in population below that for which the project was designed, and it must be designed and constructed so that adequate capacity will be or can be made available to serve the reasonably foreseeable growth needs of the area.

Water and waste disposal grants may not exceed 75 percent of the development cost of the project. The development cost may include the cost of construction of the proposed facility including rights-of-way, land rights, water rights, engineering fees, and legal fees.

JUSTIFICATION OF INCREASE

The President's Pacific Northwest Economic Recovery Initiative provides for economic adjustment assistance to workers, families, businesses, and communities affected by the President's Forest Plan for the Pacific Northwest and northern California. Funds for the Pacific Northwest Economic Recovery Initiative will be made available through a combination of State allocations and an additional National Office reserve of \$5.6 million.

The Initiative for Rural Empowerment Zones and Enterprise Communities will provide for self-sustaining, long-term economic development in areas of pervasive poverty, unemployment and general distress. This initiative creates empowerment zones and enterprise communities to demonstrate how innovative, comprehensive, strategic alliances between private, public and nonprofit entities can develop the capabilities for achieving economic self-sufficiency for the community and its residents. The budget requests an earmark of \$20 million for Rural Empowerment Zones and Enterprise Communities. The unobligated funds will revert to the National Office Reserve in July.

- (1) An increase of \$25,000,000 for rural water and waste disposal grants (\$500,000,000 available in FY 1994).

Need for Change. Drinking water and sewage treatment systems serving small, mostly rural populations currently have the highest rates of noncompliance with Federal environmental standards and Safe Drinking Water Act standards. The increased funding will help bring small rural communities into regulatory compliance, improve the rural infrastructure, increase economic development and employment opportunities, and improve the quality of rural life.

Nature of Change. The requested funding will provide for 1,430 grants.

RURAL DEVELOPMENT ADMINISTRATION

The 1995 Budget Estimates include proposed language for this item as follows
(deleted matter enclosed in brackets):

[Emergency Community Water Assistance Grants:]

[For emergency community water assistance grants as authorized under section 306B (7 U.S.C. 1926b) of the Consolidated Farm and Rural Development Act, \$10,000,000.]

EMERGENCY COMMUNITY WATER ASSISTANCE GRANTS

Appropriations Act, 1994.....	\$10,000,000
Budget Estimate, 1995.....	0
Decrease In Appropriation.....	-10,000,000
	=====

PROJECT STATEMENT

(On basis of adjusted appropriation and
on basis of obligations under available funds)

Project	1993 Actual	1994 Estimated	Increase or Decrease	1995 Estimated
Emergency community water assistance grants:				
Section 306A.....	\$700,450	\$20,000,000	\$-20,000,000	0
Section 306B.....	10,000,000	10,000,000	-10,000,000	0
Total obligations.....	10,700,450	30,000,000	-30,000,000	0
Unobligated balance available, start of year..	-15,400,000	-20,000,000	20,000,000	0
Unobligated balance transferred, net.....	5,000,000	0	0	0
Unobligated balance available, end of year....	20,000,000	0	0	0
Unobligated balance expiring.....	9,699,550	0	0	0
Total appropriation.....	30,000,000	10,000,000	-10,000,000 (1):	0
			=====	

Note.- Under the Secretary's proposed reorganization plan this account will be part of Rural Utilities Service.

Staff-years are reflected on the Salaries and Expenses Project Statement.

EXPLANATION OF PROGRAM

These grant programs are authorized under Section 306A and 306B of the Consolidated Farm and Rural Development Act, as amended (7 U.S.C. 1926(a)) as amended by Title V of the Disaster Assistance Act of 1989, P.L. 101-82 and the Food, Agriculture, Conservation and Trade Act of 1990, P.L. 101-624. Grants are made to public bodies and private nonprofit organizations serving rural areas for the purpose of construction or extension of waterlines, repairs or maintenance of existing systems, replace equipment, and pay cost to correct emergency situations. Grants made to alleviate a significant decline in quantity or quality of water available from the water supplies of rural residents that occurs within two years of filing an application with FmHA may not exceed \$500,000. Grants made for repairs, partial replacement, or significant maintenance on an established system may not exceed \$75,000. Section 306A grants are made to assist any rural area or community with a population in excess of 15,000 inhabitants and Section 306B grants in excess of 5,000 inhabitants. Grants in FY 1993 were originally funded at \$10,000,000 under Section 306B, but the Dire Emergency Supplemental Appropriations Act, 1992, added \$15,400,000 under Section 306A and made them available through FY 1993. Grants in FY 1994 were originally funded at \$10,000,000 under Section 306B, but the Midwest Flood Supplemental Act, 1993, added \$20,000,000 under Section 306A and made them available through June 30, 1994. No funding is requested for FY 1995.

JUSTIFICATION OF DECREASE

- (1) A decrease of \$10,000,000 for emergency water community assistance grants (\$10,000,000 available in FY 1994).

Need for Change. The purposes authorized under this program can be funded under other loan and grant program authorities. Therefore, the Agency can continue to meet the needs of rural communities for financial assistance to correct water problems associated with emergency situations that might arise.

Nature of Change. No funds are requested for FY 1995.

RURAL DEVELOPMENT ADMINISTRATION
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1993 and Estimated 1994 and 1995

Emergency Community Water Assistance Grants

	1993 Amount	1994 Amount	1995 Amount
Alabama.....	75,000	--	--
Alaska.....	624,870	--	--
Arizona.....	101,000	--	--
Arkansas.....	--	--	--
California.....	335,751	--	--
Colorado.....	59,000	--	--
Florida.....	700,450	--	--
Georgia.....	319,000	--	--
Hawaii.....	--	--	--
Idaho.....	96,000	--	--
Illinois.....	295,337	--	--
Indiana.....	777,202	--	--
Iowa.....	259,067	--	--
Kansas.....	556,995	--	--
Kentucky.....	75,000	--	--
Louisiana.....	150,000	--	--
Maine.....	259,067	--	--
Maryland.....	--	--	--
Minnesota.....	36,000	--	--
Mississippi.....	173,000	--	--
Missouri.....	516,062	--	--
Nebraska.....	171,000	--	--
Nevada.....	--	--	--
New Hampshire.....	65,000	--	--
New Mexico.....	335,000	--	--
New York.....	538,000	--	--
North Dakota.....	--	--	--
Ohio.....	431,000	--	--
Oklahoma.....	--	--	--
Oregon.....	258,000	--	--
Pennsylvania.....	1,121,337	--	--
South Carolina.....	--	--	--
South Dakota.....	--	--	--
Texas.....	433,161	--	--
Utah.....	66,000	--	--
Vermont.....	--	--	--
Virginia.....	--	--	--
Washington.....	--	--	--
Wisconsin.....	1,121,337	--	--
Trust Territories..	751,813	--	--
Reserve.....	--	--	--
Total Avail./Est...	10,700,450 b/	30,000,000 a/b/c	0

a/ Cannot be distributed by geographic area in advance.

b/ Includes funds authorized by the Emergency Supplemental Appropriations Acts.

c/ Includes \$20,000,000 authorized by the Emergency Supplemental Appropriations Acts.

RURAL DEVELOPMENT ADMINISTRATION

The 1995 Budget Estimates include proposed language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Rural [Development] Business Enterprise Grants:

- 1 For grants authorized under section 310B(c) and 310B(j) (7 U.S.C. 1932) of the Consolidated Farm and Rural Development Act to any qualified public or private nonprofit organization, [~~\$42,500,000: Provided, That \$500,000~~
- 2 shall be available for grants to qualified nonprofit organizations to provide technical assistance and training for rural communities needing improved passenger transportation systems or facilities in order to promote economic development] \$50,000,000, of which \$2,000,000 shall be to assist in developing cooperative efforts to provide information and technical assistance to
- 3 under-represented groups in traditionally agricultural or other natural resource depended communities for encouraging business development; and of which \$10,000,000 shall be available, at least through July 30, 1995, for assistance to empowerment zones and enterprise communities, as authorized by title XIII of the Omnibus Budget Reconciliation Act of 1993.

The first change eliminates the appropriation language earmarking funds for passenger transportation systems or facilities.

The second change includes authorization and appropriation language earmarking funds for outreach to rural business and communities.

The third change includes appropriation language earmarking funds for empowerment zones and enterprise communities.

Rural Business Enterprise Grants

Appropriations Act, 1994.....	\$42,500,000
Budget Estimate, 1995.....	<u>50,000,000</u>
Increase in Appropriation.....	<u>\$ 7,500,000</u>
	=====

PROJECT STATEMENT
(On basis of appropriation)

Project	1993 Actual	1994 Estimated	Increase or Decrease	1995 Estimated
Rural business enterprise grants:				
Rural business enterprise..	\$20,750,000	\$42,500,000	\$5,500,000 (1)	\$48,000,000
Rural community and business outreach.....	0	0	2,000,000 (2)	2,000,000
<u>Total appropriation.....</u>	<u>20,750,000</u>	<u>42,500,000</u>	<u>7,500,000</u>	<u>50,000,000</u>
	=====	=====	=====	=====

Note - Under the Secretary's proposed reorganization plan this account will be part of Rural Business and Cooperative Development Service.

Staff-years are reflected on the Salaries and Expenses Project Statement.

EXPLANATION OF PROGRAM

The rural enterprise grant program is authorized under section 310B(c) of the Consolidated Farm and Rural Development Act, as amended. Grants may be made to any qualified public or private nonprofit organization for measures designed to finance and facilitate development of small and emerging business enterprises or the creation, expansion, and operation of rural learning programs that provide educational instruction or job training instruction related to potential employment or job advancement to adult students. Grants are available for: (1) the development, construction or acquisition of land, buildings, plants, equipment, access streets and roads, parking areas, utility extensions, necessary water supply and waste disposal facilities, technical assistance, necessary start up capital, establishment of revolving loan funds, refinancing, services and fees and (2) to qualified nonprofit organizations for the provision of technical assistance and training to rural communities for the purpose of improving passenger transportation services or facilities to include on-site technical assistance to local and regional governments, public transit agencies, and related nonprofit and for-profit organizations in rural areas, the development of training materials, and the provision of necessary training assistance to local officials and agencies in rural areas.

The television demonstration grant program is authorized under section 310B(j) of the Consolidated Farm and Rural Development Act, as amended. Grants may be made to statewide private nonprofit public television systems, whose coverage is predominately rural, for the purpose of demonstrating the effectiveness of such systems in providing information on agriculture and other issues of importance to farmers and other rural areas. Grants may be used for capital equipment, expenditures, start-up and program cost, and other cost necessary to the operation of such demonstrations. Total grants may not exceed \$50,000,000.

JUSTIFICATION OF INCREASES

The President's Pacific Northwest Economic Recovery Initiative provides for economic adjustment assistance to workers, families, businesses, and communities affected by the President's Forest Plan for the Pacific Northwest and northern California. Funds for the Pacific Northwest Economic Recovery Initiative will be made available through a combination of State allocations and an additional National Office reserve of \$2.7 million.

The Initiative for Rural Empowerment Zones and Enterprise Communities will provide for self-sustaining, long-term economic development in areas of pervasive poverty, unemployment and general distress. This initiative creates empowerment zones and enterprise communities to demonstrate how innovative, comprehensive, strategic alliances between private, public and nonprofit entities can develop the capabilities for achieving economic self-sufficiency for the community and its residents. The budget requests an earmark of \$10 million for rural empowerment zones and enterprise communities. The unobligated funds made available for this may revert to the National Office Reserve in July.

- (1) An increase of \$5,500,000 for the rural business enterprise grants (\$42,500,000 available in FY 1994).

Need for Change. The requested funding is needed to support the Rural Development Initiative for stimulating economic development and job creation in rural areas. These grants are made in small communities and economically distressed areas lacking access to capital.

Nature of Change. The requested funding will provide for 318 grants.

- (2) An increase of \$2,000,000 for the rural communities and businesses outreach grants (\$0 available in FY 1994).

Need for Change. The requested funding and authorization will be used to assist in developing cooperative efforts to provide information and technical assistance to under-represented groups in traditionally agriculture- or natural resource-dependent communities for encouraging business development.

Nature of Change. The requested funding will provide for 10 grants.

RURAL DEVELOPMENT ADMINISTRATION
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1993 and Estimated 1994 and 1995

Rural Development Grants

	1993 Amount	1994 Amount	1995 Amount
Alabama.....	200,000	--	--
Alaska.....	121,000	--	--
Arizona.....	76,000	--	--
Arkansas.....	181,000	--	--
California.....	340,000	--	--
Colorado.....	89,000	--	--
Connecticut.....	103,000	--	--
Delaware.....	30,000	--	--
Florida.....	--	--	--
Georgia.....	409,000	--	--
Hawaii.....	250,000	--	--
Idaho.....	139,000	--	--
Illinois.....	781,395	--	--
Indiana.....	306,000	--	--
Iowa.....	581,395	--	--
Kansas.....	--	--	--
Kentucky.....	482,558	--	--
Louisiana.....	324,000	--	--
Maine.....	144,000	--	--
Maryland.....	630,000	--	--
Massachusetts.....	145,000	--	--
Michigan.....	445,000	--	--
Minnesota.....	304,000	--	--
Mississippi.....	555,233	--	--
Missouri.....	271,000	--	--
Montana.....	34,000	--	--
Nebraska.....	94,000	--	--
Nevada.....	500,000	--	--
New Hampshire.....	65,000	--	--
New Jersey.....	223,000	--	--
New Mexico.....	--	--	--
New York.....	489,000	--	--
North Carolina.....	569,767	--	--
North Dakota.....	419,767	--	--
Ohio.....	534,000	--	--
Oklahoma.....	595,000	--	--
Oregon.....	210,000	--	--
Pennsylvania.....	325,000	--	--
Rhode Island.....	20,000	--	--
South Carolina.....	396,000	--	--
South Dakota.....	138,000	--	--
Tennessee.....	469,000	--	--
Texas.....	707,558	--	--
Utah.....	37,000	--	--
Vermont.....	420,000	--	--
Virginia.....	500,000	--	--
Washington.....	892,200	--	--
West Virginia.....	1,240,535	--	--
Wisconsin.....	248,000	--	--
Wyoming.....	1,454,841	--	--
Puerto Rico.....	840,116	--	--
Trust Territories..	1,325,784	--	--
Virgin Islands.....	1,094,849	--	--
Total Avail./Est...	20,750,000	42,500,000 a/	50,000,000 a/

a/ Cannot be distributed by geographic area in advance.

RURAL DEVELOPMENT ADMINISTRATION

The 1995 Budget Estimates include proposed language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Solid Waste Management Grants:

For grants for pollution abatement and control projects authorized under section 310B(b) (7 U.S.C. 1932) of the Consolidated Farm and Rural Development Act, [~~\$3,000,000~~] \$3,200,000: Provided, That such assistance shall include regional technical assistance for improvement of solid waste management.

Solid Waste Management Grants

Appropriations Act, 1994.....	\$3,000,000
Budget Estimate, 1995.....	<u>3,200,000</u>
Increase in Appropriation.....	<u>200,000</u>

PROJECT STATEMENT
(On basis of appropriation)

Project	1993 Actual	1994 Estimated	Increase	1995 Estimated
Solid waste management grants...	\$3,000,000	\$3,000,000	\$200,000	\$3,200,000

Note.- Under the Secretary's proposed reorganization plan this account will be part of Rural Utilities Service.

Staff-years are reflected on the Salaries and Expenses Project Statement.

EXPLANATION OF PROGRAM

This grant program is authorized under Section 310B(b) of the Consolidated Farm and Rural Development Act, as amended (7 U.S.C. 1932). Grants are made to nonprofit organizations to provide technical assistance to local and regional governments for the purpose of reducing or eliminating pollution of water resources and for improving the planning and management of solid waste disposal facilities.

JUSTIFICATION OF INCREASE

A increase of \$200,000 for solid waste management grants (\$3,000,000 available in FY 1994).

Need for Change. These funds will help rural communities develop more advanced environmental systems and treatment techniques that will yield greater environmental benefits and improve the quality of life in rural areas.

Nature of Change. The requested funding will provide funding for 31 grants.

RURAL DEVELOPMENT ADMINISTRATION
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1993 and Estimated 1994 and 1995

Solid Waste Management Grants

	1993 Amount	1994 Amount	1995 Amount
Arkansas.....	249,269	--	--
Colorado.....	--	--	--
Georgia.....	345,732	--	--
Idaho.....	137,000	--	--
Illinois.....	20,000	--	--
Iowa.....	50,000	--	--
Kentucky.....	--	--	--
Maine.....	259,391	--	--
Maryland.....	83,000	--	--
Massachusetts.....	153,000	--	--
Michigan.....	26,000	--	--
Mississippi.....	--	--	--
Missouri.....	64,000	--	--
Nebraska.....	144,000	--	--
New Hampshire.....	--	--	--
New Mexico.....	--	--	--
North Carolina.....	48,000	--	--
North Dakota.....	--	--	--
Oklahoma.....	154,000	--	--
South Carolina.....	85,000	--	--
South Dakota.....	--	--	--
Tennessee.....	43,000	--	--
Texas.....	154,000	--	--
Vermont.....	242,278	--	--
Virginia.....	341,708	--	--
Wisconsin.....	162,707	--	--
Puerto Rico.....	237,915	--	--
Total Avail./Est.	3,000,000	3,000,000 a/	3,200,000 a/

a/ Cannot be distributed in advance.

RURAL DEVELOPMENT ADMINISTRATION

The 1995 Budget Estimates include proposed language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Rural Community Fire Protection Grants:

For grants pursuant to section 7 of the Cooperative Forestry Assistance Act of 1978 (Public Law 95-313), [~~\$3,500,000~~] \$5,000,000 to fund up to 50 per centum of the cost of organizing, training, and equipping rural volunteer fire departments.

Rural Community Fire Protection Grants

Appropriations Act, 1994.....	\$3,500,000
Budget Estimate, 1995.....	<u>5,000,000</u>
Increase in Appropriation.....	<u>1,500,000</u>
	=====

PROJECT STATEMENT
(On basis of appropriation)

Project	1993 Actual	1994 Estimated	Increase	1995 Estimated
Rural community fire protection grants.....	\$3,499,873	\$3,500,000	\$1,500,000	\$5,000,000
Unobligated balance expiring.....	127	0	0	0
Total Appropriation.....	3,500,000	3,500,000	1,500,000 (1)	5,000,000
	=====			

Note.- Under the Secretary's proposed reorganization plan this account will be part of Rural Housing and Community Development Service.

Staff-years are reflected on the Salaries and Expenses Project Statement.

EXPLANATION OF PROGRAM

This assistance was authorized by section 7 of the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2106). Grants are made to public bodies to organize, train, and equip local fire-fighting forces, including those of Indian tribes or other native groups, to prevent, control, and suppress fires threatening human lives, crops, livestock, farmsteads or other improvements, pastures, orchards, wildlife, rangeland, woodland, and other resources in rural areas.

JUSTIFICATION OF INCREASE

- (1) An increase of \$1,500,000 for rural community fire protection grants (\$3,500,000 available in FY 1994).

Need for Change. The funding will provide for increased training and equipping of rural fire departments, which will lower insurance cost for rural communities, thereby increasing community development and improving both the quality of rural life and increasing employment opportunities in rural areas.

Nature of Change. The requested funding will provide for 4,491 grants.

RURAL DEVELOPMENT ADMINISTRATION
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1993 Actual and Estimated 1994 and 1995

Rural Community Fire Grants

	1993 Amount	1994 Amount	1995 Amount
Alabama.....	54,800	--	--
Alaska.....	77,000	--	--
Arizona.....	47,900	--	--
Arkansas.....	55,900	--	--
California.....	97,000	--	--
Colorado.....	67,000	--	--
Connecticut.....	25,000	--	--
Delaware.....	18,500	--	--
Florida.....	73,100	--	--
Georgia.....	65,600	--	--
Hawaii.....	57,500	--	--
Idaho.....	41,300	--	--
Illinois.....	132,000	--	--
Indiana.....	91,000	--	--
Iowa.....	119,000	--	--
Kansas.....	119,000	--	--
Kentucky.....	60,200	--	--
Louisiana.....	75,200	--	--
Maine.....	26,670	--	--
Maryland.....	38,000	--	--
Massachusetts.....	28,000	--	--
Michigan.....	97,000	--	--
Minnesota.....	136,000	--	--
Mississippi.....	54,800	--	--
Missouri.....	100,000	--	--
Montana.....	69,600	--	--
Nebraska.....	91,000	--	--
Nevada.....	32,000	--	--
New Hampshire.....	20,000	--	--
New Jersey.....	39,000	--	--
New Mexico.....	36,900	--	--
New York.....	93,420	--	--
North Carolina.....	78,400	--	--
North Dakota.....	112,100	--	--
Ohio.....	103,000	--	--
Oklahoma.....	67,700	--	--
Oregon.....	56,500	--	--
Pennsylvania.....	104,000	--	--
Rhode Island.....	15,500	--	--
South Carolina.....	59,500	--	--
South Dakota.....	84,000	--	--
Tennessee.....	62,300	--	--
Texas.....	177,300	--	--
Utah.....	40,000	--	--
Vermont.....	21,000	--	--
Virginia.....	53,800	--	--
Washington.....	58,500	--	--
West Virginia.....	34,910	--	--
Wisconsin.....	89,000	--	--
Wyoming.....	27,000	--	--
Puerto Rico.....	15,100	--	--
Trust Territories..	33,500	--	--
Virgin Islands.....	15,100	--	--
Other.....	52,400	--	--
Total, Avail./Est..	3,500,000	3,500,000 1/	5,000,000 1/

1/ Cannot be distributed by geographic area in advance.

RURAL DEVELOPMENT ADMINISTRATION

The 1995 Budget Estimates include proposed language for this item as follows (new language underscored):

Rural Technology and Cooperative Development Grants:

For grants pursuant to section 310(f) of the Consolidated Farm and Rural Development Act, as amended (7 U.S.C. 1926(a)(11)), \$5,000,000.

This grant program was authorized by section 2347 of the Food, Agriculture, Conservation and Trade Act of 1990. In FY 1993 and FY 1994 the program was appropriated under the Extension Service.

Rural Technology and Cooperative Development Grants

Appropriations Act, 1994.....	0
Budget Request, 1995.....	<u>\$5,000,000</u>
Increase in Appropriation.....	<u>5,000,000</u>

PROJECT STATEMENT
(On basis of appropriation)

Project	: 1993	: 1994	: Increase	: 1995
	: Actual	: Estimated		: Estimated
Rural technology and cooperative development grants.....	: 0	: 0	: \$5,000,000	: \$5,000,000

Note.- Under the Secretary's proposed reorganization plan this account will be part of the Rural Business and Cooperative Development Service.

Staff-years are reflected on the Salaries and Expenses Project Statement.

EXPLANATION OF PROGRAM

This grant program is authorized by section 310(f) of the Consolidated Farm and Rural Development Act, as amended by section 2347 of the Food, Agriculture, Conservation and Trade (FACT) Act of 1990. These grants will be made available to public bodies and nonprofit organizations to fund the establishment and operation of centers for rural technology or cooperative development with their primary purpose being the improvement of economic conditions in rural areas. Grants will be used to promote the development (through technological innovation, cooperative development, and adaptation of existing technology) and commercialization of new services and products that can be produced or provided in rural areas; new processes that can be utilized in the production of products in rural areas; and new enterprises that add value to on-farm production through processing or marketing. RDA proposes to fund up to 75 percent of the project cost while requiring the applicant's contribution be at least 25 percent which must be cash from non-federal sources.

JUSTIFICATION OF INCREASE

A increase of \$5,000,000 for rural technology and cooperative development grants (\$0 available in FY 1994).

Need for Change. These grants are designed to stimulate economic development and rural employment through development and commercialization of new product and services which better utilize both the physical and human capital in rural areas.

Nature of Change. The requested funding will provide funding for 65 grants.

RURAL DEVELOPMENT ADMINISTRATION

The 1995 Budget Estimates include proposed language for this item as follows (new language underscored):

Local Technical Assistance and Planning Grants:

For grants pursuant to section 306(a)(11)(A) of the Consolidated Farm and Rural Development Act, as amended (7 U.S.C. 1926(a)(11)), \$5,000,000.

This grant program was authorized by section 2341 of the Food, Agriculture, Conservation and Trade Act of 1990.

Local Technical Assistance and Planning Grants

Appropriations Act, 1994.....	0
Budget Estimate, 1995.....	\$5,000,000
Increase in Appropriation.....	<u>5,000,000</u>

PROJECT STATEMENT
(On basis of appropriation)

Project	1993 Actual	1994 Estimated	Increase	1995 Estimated
Local technical assistance and planning grants.....	0	0	\$5,000,000	\$5,000,000

Note.- Under the Secretary's proposed reorganization plan this account will be part of the Rural Business and Cooperative Development Service.

Staff-years are reflected on the Salaries and Expenses Project Statement.

EXPLANATION OF PROGRAM

This grant program is authorized under Section 306(a)(11)(A) of the Consolidated Farm and Rural Development Act, as amended by section 2341 of the Food, Agriculture, Conservation and Trade Act of 1990. It is designed to assist in the economic development of rural areas by providing technical assistance for business development and economic development planning. Grant funds may be used to identify and analyze business opportunities that would use local economic and human resources; provide technical assistance to existing or prospective rural entrepreneurs; establish business support centers and otherwise assist in the creation of new rural businesses; and, to conduct regional, community and local economic development planning and coordination, and leadership development. RDA proposes to fund up to 75 percent of the project cost while requiring the applicant's contribution be at least 25 percent which must be cash from non-federal sources.

JUSTIFICATION OF INCREASE

A increase of \$5,000,000 for local technical assistance and planning grants (\$0 available in FY 1994).

Need for Change. These grants are designed to stimulate economic development and rural employment while challenging State, local, and private sources to invest in rural economic development activities by leveraging these local monies with Federal* grants thus allowing program grant funds to reach a broader range of rural economic development efforts. Funding of this program will provide additional resources in meeting the rural development initiatives of the agency.

Nature of Change. The requested funding will provide funding for 125 grants.

RURAL DEVELOPMENT ADMINISTRATION
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1993 Actual and Estimated 1994 and 1995

Local Technical Assistance and Planning Grants

	1993 Amount	1994 Amount	1995 Amount
Total, Avail./Est..	--	--	5,000,000 a/

a/ Cannot be distributed by geographic area in advance.

Rural Technology and Cooperative Development Grants

Total, Avail./Est...	--	--	5,000,000 a/
----------------------	----	----	--------------

a/ Cannot be distributed by geographic area in advance.

ALCOHOL FUEL CREDIT GUARANTEE LOAN PROGRAM

EXPLANATION OF PROGRAM

The Alcohol Fuels Credit Guarantee loan program provides guarantees, pursuant to an emergency declaration, for lines of credit for the purpose of purchasing grains or cellulosic materials for the production of alcohol fuels at established cooperative facilities as necessary to meet deliveries under contract. The percentage of guarantee is 75 percent. All advances under the line of credit must be made within 2 years of the date of the Contract of Guarantee and the final maturity must be within 3 years of the line of credit agreement.

Funding for this program was appropriated in FY 1993. No new program funding was appropriated for FY 1994 nor is it being requested for FY 1995. This program is a guaranteed revolving line of credit available only when a Secretarial disaster designation is issued. No subsidy or program was obligated in FY 1993. The FY 1993 appropriated amounts will remain available until expended, but not beyond FY 2009.

PROJECT STATEMENT
 (On basis of supportable loan levels, subsidies, and administrative expenses)
 (In thousands of dollars)

Item of change	FY 1993 Actual		FY 1994 Estimated		Increase or Decrease		FY 1995 Estimated	
	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy
Alcohol Fuel Guar. Credit Program:								
Guaranteed loans.....	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
FY 1993 carryover.....	\$0	\$0	\$18,610	\$9,000	\$-18,610	\$-9,000	\$0	\$0
Total:								
Guaranteed Loans and Subsidies.....	\$0	\$0	\$18,610	\$9,000	\$0	\$0	\$0	\$0
Administrative expenses.....	100	0	0	0	0	0	0	0

Note.- Under the Secretary's proposed reorganization plan this account will be part of the Rural Business and Cooperative Development Service. Staff-years are reflected in the Salaries and Expenses Project Statement.

RURAL ELECTRIFICATION ADMINISTRATION

Purpose Statement

The Rural Electrification Administration (REA) was established by Executive Order 7037 on May 11, 1935, to provide loan funds to eligible borrowers for the purpose of extending central station electric service to unserved persons in rural areas. Statutory provision for the Agency was made in the Rural Electrification (RE) Act of May 20, 1936; and on July 1, 1939, under Reorganization Plan II, REA became a part of the Department of Agriculture. On October 28, 1949, the purpose of REA was expanded by Public Law 423, which amended the Act to authorize loans for furnishing telephone service to rural areas.

Rural Electrification and Telephone Program

Public Law 93-32, enacted May 11, 1973, amended the Rural Electrification Act of 1936, as amended, by establishing a "Rural Electrification and Telephone Revolving Fund" (RETRF) for the purpose of making insured loans to REA electric and telephone borrowers. Loans made under this authority bear either 2 or 5 percent interest in accordance with criteria specified in the Act, and have a maturity not to exceed 35 years. The Act also authorized REA to guarantee loans made by other lenders at rates and terms agreed upon between the lender and the borrower. The Rural Electrification and Telephone Revolving Fund legislation contains the following statement of Congressional intent regarding the REA programs:

" . . . it is hereby declared to be the policy of the Congress that adequate funds should be made available to rural electric and telephone systems through direct, insured and guaranteed loans at interest rates which will allow them to achieve the objectives of the Rural Electrification Act of 1936, as amended; and that such rural electric and telephone systems should be encouraged and assisted to develop their resources and ability to achieve the financial strength needed to enable them to satisfy their credit needs from their own financial organizations and other sources at reasonable rates and terms consistent with the loan applicant's ability to pay and achievement of the Act's objectives."

In October 1976, Public Law 94-570 amended the Act, changing the statutory criteria used in determining eligibility for the special interest rate (2 percent) insured loans. The change in criteria corrected unintended inequities resulting from P.L. 93-32, to bring the number of borrowers eligible for the special rate more in line with Congressional intent and the borrowers' actual needs for loan funds at this rate.

On August 13, 1981, the Omnibus Budget Reconciliation Act, Public Law 97-35, was signed into law to further amend the RE Act. This legislation changed the Act by eliminating the special 2 percent interest rate on insured loans from the RETRF. However, it did provide that the Administrator may make insured loans at a rate less than 5 percent, but not less than 2 percent, if the borrower has experienced extreme financial hardship, or cannot provide service consistent with the objectives of the Act without charging rates so high that a substantial disparity results between such rates and those charged for similar services in the same or nearby areas by other suppliers.

On November 1, 1993, The Rural Electrification Loan Restructuring Act of 1993, P.L. 103-129, was signed into law. This Act established different interest rates to be charged electric and telephone borrowers by establishing a municipal rate loan program for electric borrowers and a Treasury rate loan program for telephone borrowers. This Act also established the criteria which determines borrowers' eligibility for hardship, municipal, and Treasury rate loans and established the

loan levels for the various programs for fiscal years 1994 through 1998. In addition, the Act amended the population of a "rural area" for receiving telephone service from 1,500 inhabitants to 5,000 and expanded eligibility of the REA borrowers for loans for water and waste disposal facilities.

As of September 30, 1993, REA employed a total of 515 full-time permanent employees, 2 part-time permanent employees, and 2 other employees. The field staff consisted of 110 permanent full-time employees located throughout the United States. These employees utilize their homes as their offices. REA maintains no field offices. The Washington staff was composed of 405 full-time permanent employees, 2 part-time permanent employees and 2 other employees.

Rural Telephone Bank

Public Law 92-12, approved May 7, 1971, amended the Rural Electrification Act of 1936, as amended, to establish the Rural Telephone Bank as a supplemental source of financing for the growing capital needs of rural telephone systems. Public Law 92-324, approved June 30, 1972, further amended the Act to permit the Secretary of the Treasury to purchase the Bank's debentures.

Public Law 93-32 made additional amendments to the Act and provided for Bank borrowing authority of 20 times its paid-in capital and retained earnings. It also required that the Bank charge a single interest rate, based on the average cost of money to the Bank, but not less than 5 percent per annum. Bank loans must be fully amortized over a period not to exceed 50 years. Most loans have been made for a 35-year period.

Public Law 100-203, approved December 22, 1987, authorized the prepayment of Rural Telephone Bank loans at face value without a prepayment premium during fiscal year 1988. The legislation also established a formula for determining interest rates on Rural Telephone Bank loans, defined the interest rate to be considered for purposes of assessing eligibility for loans, and established in the Bank a reserve for losses due to interest rate fluctuations.

The Rural Telephone Bank is managed by a 13-member board of directors. The Bank board holds at least four regularly scheduled meetings a year. Activities of the Bank are carried out by REA and the Office of the General Counsel employees.

Through fiscal year 1991, \$592.1 million in Bank capitalization had been made available through the purchase by the United States of the Rural Telephone Bank's Class A Stock. The RE Act had originally set the maximum Government contribution at \$300 million. The Farm Bill of 1981 amended the RE Act to permit continued Class A Stock purchases in annual amounts not to exceed \$30 million through fiscal year 1991, with total purchases not to exceed \$600 million. This completes the capitalization of the Rural Telephone Bank under current law.

Rural Economic Development

On December 21, 1987, the Omnibus Budget Reconciliation Act of 1987, Public Law 100-203, amended the Act to establish a Cushion of Credit Payment Program whereby borrowers are authorized to make voluntary advance payments on their loans and receive 5 percent interest on those advance payments. This amendment provided that a Rural Economic Development Subaccount be maintained in the Rural Electrification and Telephone Revolving Fund. This subaccount is credited monthly with a sum determined by multiplying the outstanding cushion of credit payments made after October 1, 1987, by the difference between the average weighted interest rate paid on outstanding Certificates of Beneficial Ownership issued by the Fund and the 5 percent rate of interest provided to borrowers on cushion of credit payments. The Administrator is authorized to utilize the funds in the subaccount to make zero-interest loans and grants to borrowers for the purpose of promoting rural economic development and job creation projects.

Public Law 101-624, the Food, Agriculture, Conservation, and Trade Act of 1990, enacted November 28, 1990, further amended the Act. Title XXIII, the Rural Economic Development Act of 1990, authorized several new programs subject to limitations in Appropriations Acts. They are as follows:

- Distance Learning and Medical Link Grants. This program is to provide rural communities access to advanced telecommunications services, computer networks, and improved rural opportunities. The first Distance Learning and Medical Link grants, totaling \$10 million, were awarded in November 1993.
- The Rural Business Incubator Fund. This fund shall be used to make grants and reduced interest loans to electric and telephone borrowers or other nonprofit entities to promote business incubator programs or for the creation or operation of business incubators in rural areas. The interest rate on these loans shall not exceed 5 percent.
- Financing to local businesses, community development assistance, technical assistance to businesses, and for other community business or economic development projects provided by deferment of payments on direct loans. A borrower may defer REA scheduled debt service payments equal to the amount of investment in economic development projects. Borrowers who provide financing can repay the deferred amounts in 60 or 120 equal monthly installments.

In addition, the REA Administrator shall promote rural economic development by providing rural communities with the necessary guidance, technical advice and information to plan and carry out rural development projects. Information on financial assistance from both Federal and non-federal sources will be dispensed to enable borrowers to expand their rural development efforts. Borrowers will also be made aware of successful rural development endeavors to encourage their application in similar operations throughout the country.

Rural Communication Development Fund

The Rural Development Insurance Fund (RDIF) was established on October 1, 1972, pursuant to section 116 of the Rural Development Act of 1972 (Public Law 92-419) approved August 30, 1972. The Rural Communication Development Fund (RCDF), a separate account of the RDIF, was established pursuant to Secretary's Memorandum No. 1988 approved May 22, 1979. This action transferred certain financing authorities under the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) from the Farmers Home Administration (FmHA) to the Rural Electrification Administration for the purpose of financing the construction of community antenna television services or facilities in rural areas. The RCDF was set up to insure or guarantee loans for community antenna television services or facilities to both cooperatives and commercial borrowers. The program was authorized to utilize the Community Facility authority and the Business and Industrial authorities of the Rural Development Act of 1972.

During fiscal years 1979 and 1980, loan guarantees and administrative costs were funded from amounts authorized for or originally appropriated to FmHA. Since fiscal year 1980, all applicable administrative costs have been provided for in the REA Salaries and Expenses appropriation. Loan authority made available is provided for separately under the Rural Communication Development Fund.

In 1981, it was determined that sufficient capital was available from private investors and that the activity could be more appropriately financed by the private sector. REA continues to administer the existing program by making advances on previous loans and performing debt servicing. The last loan approved or guaranteed under this authority was in fiscal year 1981.

RURAL ELECTRIFICATION ADMINISTRATION
Available Funds and Staff-Years
1993 Actual and Estimated 1994 and 1995

Item	1993 Actual		1994 Estimated		1995 Estimated	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
<u>Loan Authorizations:</u>						
Rural Electrification:						
Direct, REA	\$913,355,000	--	\$125,000,000	--	\$25,000,000	--
Direct, Treasury Rate	--	--	--	--	500,000,000	--
Direct, Municipal Rate	--	--	600,000,000	--	200,000,000	--
Direct, FFB1/	113,344,000	--	300,000,000	--	275,000,000	--
Total, Electric Loans	1,026,699,000	--	1,025,000,000	--	1,000,000,000	--
Rural Telephone:						
Direct, REA	311,025,000	--	100,000,000	--	--	--
Direct, Treasury Rate	--	--	198,000,000	--	236,287,000	--
Direct, FFB1/	67,060,000	--	120,000,000	--	118,143,000	--
Total, Telephone Loans	378,085,000	--	418,000,000	--	354,430,000	--
Rural Telephone Bank:						
Direct, Cost of Funds	174,999,300	--	199,847,000	--	--	--
Direct, Treasury Rate	--	--	--	--	175,000,000	--
Total, RTB Loans	174,999,300	--	199,847,000	--	175,000,000	--
Rural Economic Development Loans						
	12,389,000	--	13,025,000	--	12,865,000	--
Total, Loan Levels2/	1,592,172,300	--	1,655,872,000	--	1,542,295,000	--
<u>Loan Subsidies:</u>						
Rural Electrification:						
Direct, REA	117,318,968	--	20,375,000	--	2,363,000	--
Direct, Treasury Rate	--	--	--	--	350,000	--
Direct, Municipal Rate	--	--	46,020,000	--	16,000,000	--
Direct, FFB	5,293,165	--	3,090,000	--	413,000	--
Total, Electric Loans	122,612,133	--	69,485,000	--	19,126,000	--
Rural Telephone:						
Direct, REA	36,261,139	--	12,891,000	--	--	--
Direct, Treasury Rate	--	--	40,000	--	47,000	--
Direct, FFB	53,648	--	--	--	--	--
Total, Telephone Loans	36,314,787	--	12,931,000	--	47,000	--

RURAL ELECTRIFICATION ADMINISTRATION
Available Funds and Staff-Years
1993 Actual and Estimated 1994 and 1995

Item	1993 Actual		1994 Estimated		1995 Estimated	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
Rural Telephone Bank:						
Direct	35,000	--	3,118,000	--	--	--
Direct, Treasury Rate	--	--	--	--	35,000	--
Total, RTB Loans	35,000	--	3,118,000	--	35,000	--
Rural Economic Development Loans:	3,198,272	--	3,423,000	--	3,077,000	--
<i>Unobligated Funds, Lapsing</i>	37,954,808	--	--	--	--	--
Total Appropriated Subsidies	200,115,000	--	88,957,000	--	22,285,000	--
Salaries & Expenses:						
Salaries & Expenses	35,600,901	519	38,776,000	517	38,339,000	509
Office of Administrator	195,966	3	--	--	--	--
Total, Salaries & Exp	35,796,867	522	38,776,000	517	38,339,000	509
<i>Unobligated Funds, Lapsing</i>	2,241,133	--	--	--	--	--
Total Appropriated Funds 3/	38,038,000	522	38,776,000	517	38,339,000	509
(RETL Program Account)	(29,163,000)		(29,982,000)		(29,521,000)	
(RTB Program Account)	(8,632,000)		(8,794,000)		(8,818,000)	
(Office of Administrator)	(243,000)		--		--	
Grants:						
Distance Learning and Medical Link 4/	5,000,000	--	10,000,000	--	5,000,000	--
Rural Economic Development 5/	--	--	29,607,000	--	9,600,000	--
Appropriated Funds	243,153,000	522	137,733,000	517	65,624,000	509
Non-Appropriated Funds	--	--	29,607,000	--	9,600,000	--
Total Available Funds ...	243,153,000	522	167,340,000	517	75,224,000	509

- 1/ In FY 1993, FFB electric loans totaling \$660,504,782 and FFB telephone loans totaling \$11,456,988 were reprinted under credit reform procedures. After enactment of OBRA of 1993, reprinted loans are no longer under discretionary authority.
- 2/ Two requests have been submitted to the Congress to rescind a total of \$12,133,000 in subsidy budget authority. The first request was \$6,445,000 for direct 5% telephone loans and the second request was \$2,300,000 for direct 5% telephone loans and \$3,388,000 for direct 5% electric loans. The REA Loan Restructuring Act of 1993 changed the eligibility criteria for 5% telephone loans. Estimated demand for FY 1994 is approximately \$50 million.
- 3/ Funds appropriated to the RETL and RTB program accounts are reimbursed to the Salaries and Expenses account. In FY 1993, the Office of the Administrator received a direct appropriation. Currently, all Salaries & Expenses funds are appropriated to the loan program accounts and funding for the Office of the Administrator is included in those appropriations.
- 4/ FY 1994 excludes \$10 million in available carryover -- \$5 million from FY 1992 and \$5 million from FY 1993.
- 5/ Funds are generated by the interest differential on voluntary cushion of credit payments made by REA borrowers.

RURAL ELECTRIFICATION ADMINISTRATION

Permanent Positions by Grade and Staff-Year Summary1993 Actual and Estimated 1994 and 1995

Grade	1993			1994			1995		
	Head- quarters	Field	Total	Head- quarters	Field	Total	Head- quarters	Field	Total
Executive Level V	1	--	1	1	--	1	1	--	1
ES-5	1	--	1	1	--	1	1	--	1
ES-4	1	--	1	1	--	1	1	--	1
ES-2	2	--	2	2	--	2	2	--	2
SL-100	1	--	1	1	--	1	1	--	1
GS/GM-15	10	--	10	11	--	11	11	--	11
GS/GM-14	51	--	51	51	--	51	51	--	51
GS/GM-13	86	102	188	85	103	188	83	105	188
GS-12	80	3	83	80	4	84	79	4	83
GS-11	26	1	27	25	4	29	24	2	26
GS-10	--	--	--	--	--	--	--	--	--
GS-9	28	4	32	27	2	29	26	2	28
GS-8	8	--	8	8	--	8	8	--	8
GS-7	41	--	41	40	--	40	40	--	40
GS-6	38	--	38	38	--	38	36	--	36
GS-5	16	--	16	16	--	16	15	--	15
GS-4	12	--	12	12	--	12	12	--	12
GS-3	4	--	4	4	--	4	4	--	4
GS-2	1	--	1	1	--	1	1	--	1
GS-1	--	--	--	--	--	--	--	--	--
Total Permanent Positions.....	407	110	517	404	113	517	396	113	509
Unfilled Positions end-of-year	--	1	1	--	--	--	--	--	--
Total, Permanent Employment, end-of-year	407	111	518	404	113	517	396	113	509
Staff-Year Ceiling	412	110	522	404	113	517	396	113	509

RURAL ELECTRIFICATION ADMINISTRATION

Classification by Objects1993 Actual and Estimated 1994 and 1995

	<u>1993</u>	<u>1994</u>	<u>1995</u>
11 Personnel Compensation:			
Headquarters	\$18,566,934	\$19,856,431	\$19,712,917
Field	6,272,908	6,708,569	6,660,083
Total, Personnel Compensation	<u>24,839,842</u>	<u>26,565,000</u>	<u>26,373,000</u>
12 Personnel Benefits	4,557,566	4,947,000	4,910,000
13 Benefits to Former Personnel	3,939	15,000	15,000
Total, Personnel Compensation and Benefits	<u>29,401,347</u>	<u>31,527,000</u>	<u>31,298,000</u>
Other Objects:			
21 Travel	1,853,704	1,965,000	1,965,000
22 Transportation of Things	26,500	90,000	90,000
23 Communications, Utilities and Other Rent	1,010,814	1,038,000	1,038,000
24 Printing and Reproduction	291,280	365,000	355,000
25 Other Services	1,751,127	2,303,000	2,203,000
26 Supplies and Materials	457,647	681,000	658,000
31 Equipment	1,003,219	807,000	732,000
33 Investments and Loans	1,769,601,300	1,681,073,000	1,567,785,000
41 Grants and Subsidies	162,160,192	134,311,000	36,885,000
42 Insurance Claims	1,153	- -	- -
43 Interest and Dividends	2,592,229,736	2,743,936,000	2,218,503,000
Total, Other Objects	<u>4,530,386,672</u>	<u>4,566,569,000</u>	<u>3,830,214,000</u>
Total, Obligations	<u>4,559,788,019</u>	<u>4,598,096,000</u>	<u>3,861,512,000</u>

Position Data:

Average Salary, ES positions	\$102,153	\$105,393	\$109,030
Average Salary, GS/GM positions	\$47,411	\$50,749	\$51,131
Average Grade, GS/GM positions	10.98	11.01	11.04

RURAL ELECTRIFICATION ADMINISTRATION

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Rural Electrification and Telephone Loans Program Account

- 1 Insured loans pursuant to the authority of section 305 of the Rural Electrification Act of 1936, as amended (7 U.S.C. 935), shall be made as follows: 5 percent rural electrification loans, \$25,000,000; Treasury rate rural electrification loans, \$500,000,000; [\$125,000,000; 5 percent rural telephone loans, \$100,000,000;] cost of money rural telephone loans [\$198,000,000] \$236,287,000; municipal rate rural electric loans, [\$600,000,000] \$200,000,000; and loans made pursuant to section 306 of that Act, [\$933,000,000] \$393,143,000; to remain available until expended.

- 2 For the cost, as defined in section 502 of the Congressional Budget Act of 1974, including the cost of modifying loans, of direct and guaranteed loans authorized by the Rural Electrification Act of 1936, as amended (7 U.S.C. 935), as follows: cost of direct loans [\$33,266,000;] \$2,363,000; cost of Treasury rate rural electrification loans, \$350,000; cost of municipal rate loans, [\$46,020,000] \$16,000,000; cost of money rural telephone loans, [\$40,000] \$47,000; cost of loans guaranteed pursuant to section 306 [\$3,090,000] \$413,000.

In addition, for administrative expenses necessary to carry out the direct and guaranteed loan programs [\$29,982,000] \$29,521,000.

The first change allows REA to make section 305 electric loans at Treasury interest rate and establishes the program level for these loans.

The second change allows subsidy to be appropriated for new Treasury rate section 305 electric loans.

**DEPARTMENT OF AGRICULTURE
RURAL ELECTRIFICATION ADMINISTRATION
Rural Electrification and Telephone Loan Program**

	Loan Authorization	Subsidy
<u>Electric Loans:</u>		
Direct, REA:		
Appropriations Act, 1994	\$125,000,000	\$20,375,000
Budget Estimate, 1995	25,000,000	2,363,000
Decrease in Appropriation	- 100,000,000	- 18,012,000
Direct, Treasury Rate:		
Appropriations Act, 1994	--	--
Budget Estimate, 1995	500,000,000	350,000
Increase in Appropriation	+ 500,000,000	+ 350,000
Direct, Municipal Rate:		
Appropriations Act, 1994	600,000,000	46,020,000
Budget Estimate, 1995	200,000,000	16,000,000
Decrease in Appropriation	- 400,000,000	- 30,020,000
Direct Loans, FFB:		
Appropriations Act, 1994	300,000,000	3,090,000
Budget Estimate, 1995	275,000,000	413,000
Decrease in Appropriation	- 25,000,000	- 2,677,000
<u>Telephone Loans:</u>		
Direct, REA:		
Appropriations Act, 1994	100,000,000	12,891,000
Budget Estimate, 1995	--	--
Decrease in Appropriation	- 100,000,000	- 12,891,000
Direct, Treasury Rate:		
Appropriations Act, 1994	198,000,000	40,000
Budget Estimate, 1995	236,287,000	47,000
Increase in Appropriation	+ 38,287,000	+ 7,000
Direct Loans, FFB:		
Appropriations Act, 1994	120,000,000	--
Budget Estimate, 1995	118,143,000	--
Decrease in Appropriation	- 1,857,000	--
Total Decrease from 1994 Appropriations Act, RETL	- 88,570,000	- 51,110,000

Note 1: Due to enactment of OBRA, loans are repriced without scoring under credit reform procedures and therefore, do not appear as new loans.

Note 2: Two requests have been submitted to the Congress to rescind a total of \$12,133,000 in subsidy budget authority. The first request was \$6,445,000 for direct 5% telephone loans and the second request was \$2,300,000 for direct 5% telephone loans and \$3,388,000 for direct 5% electric loans.

SUMMARY OF INCREASES AND DECREASES
 (On basis of loans, subsidies, and administrative expenses)

<u>Item of Change</u>	<u>1994 Appropriated</u>	<u>Changes</u>	<u>1995 Estimated</u>
Loans:			
Direct, Electric	\$1,025,000,000	- \$25,000,000	\$1,000,000,000
Direct, Telephone	418,000,000	- 63,570,000	354,430,000
Total, RETL Loans	<u>1,443,000,000</u>	<u>- 88,570,000</u>	<u>1,354,430,000</u>
Loan Subsidies:			
Direct, Electric	69,485,000	- 50,359,000	19,126,000
Direct, Telephone	12,931,000	- 12,884,000	47,000
Total, RETL Loans Subsidies	<u>82,416,000</u>	<u>- 63,243,000</u>	<u>19,173,000</u>
Administrative Expenses.....	<u>29,982,000</u>	<u>- 461,000</u>	<u>29,521,000</u>

PROJECT STATEMENT

(On basis of loans, subsidies, and administrative expenses)

Project	1993 Actual		1994 Appropriated		Increase or Decrease		1995 Estimated	
	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy
Rural Electrification Loans								
Direct, REA	\$913,355,000	\$117,318,968	\$125,000,000	\$20,375,000	-\$100,000,000 (1)	-\$18,012,000 (2)	\$25,000,000	\$2,363,000
Direct, Treasury Rate	- - -	- - -	- - -	- - -	500,000,000 (3)	350,000 (4)	500,000,000	350,000
Direct, Municipal Rate	- - -	- - -	600,000,000	46,020,000	-400,000,000 (5)	-30,020,000 (6)	200,000,000	16,000,000
Direct, FFB	113,344,000	5,293,165	300,000,000	3,090,000	-25,000,000 (7)	-2,677,000 (8)	275,000,000	413,000
Total, Electric	1,026,699,000	122,612,133	1,025,000,000	69,485,000	-25,000,000	-50,359,000	1,000,000,000	19,126,000
Rural Telephone Loans								
Direct, REA	311,025,000	36,261,139	100,000,000	12,891,000	-100,000,000 (9)	-12,891,000 (10)	- - -	- - -
Direct, Treasury Rate	- - -	- - -	198,000,000	40,000	38,287,000 (11)	7,000 (12)	236,287,000	47,000
Direct, FFB	67,060,000	53,648	120,000,000	- - -	-1,857,000 (13)	- - -	118,143,000	- - -
Total, Telephone ...	378,085,000	36,314,787	418,000,000	12,931,000	-63,570,000	-12,884,000	354,430,000	47,000
Unobligated Balance, Lapsing	- - -	37,730,080	- - -	- - -	- - -	- - -	- - -	- - -
Subtotal, Loans and Subsidies	1,404,784,000	196,657,000	1,443,000,000	82,416,000	-88,570,000	-63,243,000	1,354,430,000	19,173,000
Proposed Rescission ... 2/	- - -	- - -	- - -	-12,133,000	- - -	12,133,000	- - -	- - -
Total, Loans & Subsidies	1,404,784,000	196,657,000	1,443,000,000	70,283,000	-88,570,000	-51,110,000	1,354,430,000	19,173,000
Administrative expense ..		29,163,000		29,982,000		-461,000 (14)		29,521,000

Note: Under the Secretary's proposed reorganization plan, this account will be part of the Rural Utilities Service.

1/ In FY 1993, FFB electric loans totaling \$660,504,782 and FFB telephone loans totaling \$11,456,988 were repaid under credit reform procedures. After enactment of OBRA of 1993, repaid loans are no longer under discretionary authority. In FY 1993, \$1,262,454,088 in FFB electric loans and \$14,136,811 in FFB telephone loans were repaid after enactment of OBRA.

2/ Two requests have been submitted to the Congress to rescind a total of \$12,133,000 in subsidy budget authority. The first request was \$6,445,000 for direct 5% telephone loans and the second request was \$2,300,000 for direct 5% telephone loans and \$3,388,000 for direct 5% electric loans.

PROJECT STATEMENT

(On basis of 1994 loan levels and subsidies appropriated and supportable)

	1994 Appropriated		1994 Supportable		Rescission Proposals		1994 Current Estimate	
	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy
Rural Electrification and Telephone Loans:								
Electric:								
Direct, REA	\$125,000,000	\$20,375,000	\$178,728,070	\$20,375,000	(\$29,719,298)	(\$3,388,000)	\$149,008,772	\$16,987,000
Direct, Municipal Rate	600,000,000	46,020,000	642,737,430	46,020,000	--	--	642,737,430	46,020,000
Direct, FFB	300,000,000	3,090,000	300,000,000	3,090,000	--	--	300,000,000	3,090,000
Total, Electric Loans	1,025,000,000	69,485,000	1,121,465,500	69,485,000	(29,719,298)	(3,388,000)	1,091,746,202	66,097,000
Telephone:								
Direct, REA	100,000,000	12,891,000	147,325,714	12,891,000	(\$99,942,857)	(\$8,745,000)	47,382,857	4,146,000
Direct, Treasury Rate	198,000,000	40,000	200,000,000	40,000	--	--	200,000,000	40,000
Direct, FFB	120,000,000	--	120,000,000	--	--	--	120,000,000	--
Total, Telephone Loans	418,000,000	12,931,000	467,325,714	12,931,000	(99,942,857)	(8,745,000)	367,382,857	4,186,000
Total, RETL	1,443,000,000	82,416,000	1,588,791,214	82,416,000	(129,662,155)	(12,133,000)	1,459,129,059	70,283,000

EXPLANATION OF ELECTRIC AND TELEPHONE LOAN PROGRAM

The loan authorizations of the Rural Electrification Administration are used to carry out the provisions of the Rural Electrification Act of 1936, as amended. The objectives of the program are to provide loans at reasonable interest rates to borrowers that produce and distribute electricity and provide telecommunications service. REA administers the rural electrification program, which provides loans to borrowers that distribute electricity to farms and other retail users; and the rural telephone program, which furnishes and improves telecommunications service in rural areas.

As required by Title XIII, section 13201, of the Omnibus Budget Reconciliation Act of 1990, this account records the subsidy costs associated with the direct loan obligations and guaranteed loan commitments of this account in FY 1992 and beyond. Subsidy amounts are obtained by estimating the difference between the Government's cash disbursements and the net present value of the Government's cash inflows resulting from direct and guaranteed loans made through this account.

Electrification Program Statistics (Dollars in thousands)

	Cumulative Thru FY 1993 <u>Actual</u>	<u>Cumulative Estimates</u> FY 1994 FY 1995	
REA financed loans.....	\$22,854,451	\$23,675,916	\$24,400,916
REA funds advanced.....	21,607,221	22,478,961	23,239,001
REA unadvanced funds, end of year.	1,247,230	1,196,955	1,161,915
REA principal repaid.....	9,120,347	9,630,566	10,350,516
REA interest paid.....	8,484,908	9,017,181	9,556,980
FFB/Treasury rate loans.....	28,185,943	28,485,943	28,760,943
Consumers served-calendar year (thousand-estimated) 1/...	13,183	13,460	13,737
Miles energized-calendar year (thousand-estimated) 1/...	2,250	2,270	2,290
Number of borrowers.....	929	910	893

Telephone Program Statistics (Dollars in thousands)

	Cumulative Thru FY 1993 <u>Actual</u>	<u>Cumulative Estimates</u> FY 1994 FY 1995	
REA financed loans.....	\$6,409,368	\$6,756,694	\$6,992,981
REA funds advanced	5,591,967	5,853,055	6,119,873
REA unadvanced funds, end of year....	817,401	903,639	873,108
REA principal repaid	2,189,659	2,325,969	2,466,276
REA interest paid	1,899,937	2,041,069	2,191,505
FFB financed loans.....	712,158	832,158	950,301
Route miles of line constructed or improved-(thousand-estimated) 2/	960	970	980
Dial subscribers, new and improved service-calendar year (thousands-estimated) 2/.....	6,174	6,237	6,300
Number of borrowers.....	952	945	938

1/ Data represents accomplishments from all sources of funds.

2/ Data represents accomplishments from borrowers financed 20 percent or more by REA, RTB, and guaranteed loans.

JUSTIFICATION OF INCREASES AND DECREASES

- (1) A decrease of \$100,000,000 in direct electric loans (\$125,000,000 available in 1994).

Need for Change. A 5 percent interest rate program of \$25,000,000 will be maintained for borrowers who are financially unable to pay the Treasury or the municipal interest rates.

Nature of Change. The proposed program level will reduce the amount of funds available at the 5 percent interest rate. Total available funds of \$725,000,000 for direct electric loans remain unchanged.

- (2) A decrease of \$18,012,000 in direct electric loan subsidies (\$20,375,000 available in 1994).

Need for Change. The subsidy needed to support each loan level must be recalculated based on Federal Credit Reform Act of 1990 requirements.

Nature of Change. The subsidy for this program reflects the cost of a \$25,000,000 electric loan program for hardship cases.

- (3) An increase of \$500,000,000 in direct electric loans at Treasury interest rate (none in 1994).

Need for Change. The Administration proposes to establish a Treasury interest rate direct loan program and reduce the loan subsidies for the REA programs. This program, along with the \$25,000,000 direct program at 5 percent and the \$200,000,000 municipal rate program, will be available to meet the financial needs of all direct electric borrowers.

Nature of Change. This program level will provide funds for electric borrowers who are financially able to qualify for loans at the Treasury interest rate.

- (4) An increase of \$350,000 in direct electric Treasury rate loan subsidies (none in 1994).

Need for Change. The increase will provide subsidies for the proposed Treasury rate direct electric loan program.

Nature of Change. The interest rate increase to the borrowers will reduce the amount of subsidy needed for the REA programs.

- (5) A decrease of \$400,000,000 for municipal interest rate direct electric loans (\$600,000,000 available in 1994).

Need for Change. In order to reduce the cost of the REA program, qualified borrowers will be shifted to the Treasury interest rate program.

Nature of Change. This program level will provide funds for electric borrowers who are financially able to qualify for loans at the municipal interest rate.

- (6) A decrease of \$30,020,000 for municipal rate direct loan subsidies (\$46,020,000 available in 1994).

Need for Change. To reduce the cost of the REA program, qualified borrowers will be shifted to the Treasury interest rate program.

Nature of Change. The subsidy for this program is decreased to reflect the cost of a \$200,000,000 municipal rate loan program.

- (7) A decrease of \$25,000,000 for FFB financed direct electric loans (\$300,000,000 available in 1994).

Need for Change. The program level is decreased to reflect the estimated demand for new FFB financed direct electric loans.

Nature of Change. This program level will provide funds for new FFB financed direct electric loans.

- (8) A decrease of \$2,677,000 for new FFB financed direct electric loan subsidies (\$3,090,000 available in 1994).

Need for Change. The subsidy needed to support each loan level must be recalculated based on Federal Credit Reform Act of 1990 requirements.

Nature of Change. To provide funds for the subsidy cost of a \$275,000,000 FFB direct electric loan program.

- (9) A decrease of \$100,000,000 in direct telephone loans (\$100,000,000 available in the 1994).

Need for Change. In order to reduce the cost of REA programs, the interest rate charged to borrowers will increase from 5 percent to the Treasury interest rate.

Nature of Change. This proposal eliminates 5 percent loan funds for telephone borrowers.

- (10) A decrease of \$12,891,000 for direct telephone loan subsidies (\$12,891,000 available in 1994.)

Need for Change. The proposal will shift all direct telephone borrowers to the Treasury interest rate program and reduce the subsidy costs of the REA program.

Nature of Change. The direct telephone loan subsidy is eliminated.

- (11) An increase of \$38,287,000 in direct telephone loans at Treasury interest rate (\$198,000,000 available in 1994).

Need for Change. The increased program level reflects the shift of all direct telephone loans to Treasury interest rate.

Nature of Change. This program level, along with the FFB direct telephone and Rural Telephone Bank programs, will be available to meet the financial needs of all direct telephone borrowers.

- (12) An increase of \$7,000 in subsidies for direct telephone Treasury rate loans (\$40,000 available in 1994).

Need for Change. The subsidy needed to support the direct telephone loan program at the Treasury interest rate must be calculated based on Federal Credit Reform Act of 1990 requirements.

Nature of Change. The subsidy is increased to reflect the cost of the proposed direct Treasury rate telephone loan program.

- (13) A decrease of \$1,857,000 for FFB financed direct telephone loan (\$120,000,000 available in 1994.)

Need for Change. The program level is decreased to reflect the estimated demand for FFB financed direct telephone loans.

Nature of Change. This program level will meet the estimated funding needs for borrowers requesting FFB financed telephone loans. Based on the interest rate charged (Treasury rate plus 1/8 of 1 percent) to the borrower and default assumptions, there is no cost to the Government for these loans. Therefore, no subsidy is needed.

- (14) A decrease of \$461,000 for administrative expenses (\$29,982,000 available in 1994). This decrease is justified as part of the total REA in Salaries and Expenses.

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Electrification Administration

Number and Amount of Direct REA Electrification and
Telephone Loans by State, Fiscal Year 1993

	<u>ELECTRIC</u>		<u>TELEPHONE</u>	
	<u>No.</u>	<u>Amount</u>	<u>No.</u>	<u>Amount</u>
UNITED STATES	256	\$913,355,000	43	\$311,025,000
Alabama	6	30,301,000		
Alaska	1	5,568,000		
Arizona	3	12,289,000		
Arkansas	6	25,068,000		
California	2	4,844,000	1	4,485,000
Colorado	5	13,308,000	2	2,357,000
Florida	5	25,454,000		
Georgia	19	71,164,000	2	34,673,000
Illinois	6	16,292,000		
Indiana	8	10,766,000		
Iowa	12	16,371,000	1	1,410,000
Kansas	4	3,412,000	2	11,878,000
Kentucky	16	71,975,000	1	7,742,000
Louisiana	2	11,894,000	1	8,065,000
Maine			1	2,645,000
Maryland	2	40,873,000		
Massachusetts				
Michigan	6	12,344,000		
Minnesota	20	55,793,000	3	22,509,000
Mississippi	4	17,539,000	1	3,178,000
Missouri	9	23,048,000	1	5,000,000
Montana	3	6,854,000	2	19,392,000
Nebraska	1	590,000	1	4,100,000
Nevada	3	5,647,000		
New Mexico	7	16,192,000	2	29,437,000
New York	1	1,120,000	1	3,299,000
North Carolina	14	74,767,000	1	1,308,000
North Dakota	5	12,838,000	4	37,810,000
Ohio	8	10,435,000		
Oklahoma	7	11,726,000	3	13,670,000
Oregon	8	22,520,000	1	10,310,000
Pennsylvania	5	10,318,000		
Rhode Island				
South Carolina	9	81,126,000		
South Dakota	14	24,942,000	3	15,343,000
Tennessee	5	31,899,000	1	15,530,000
Texas	11	22,149,000	1	1,848,000
Utah			1	5,522,000
Vermont	1	1,691,000		
Virginia	6	57,973,000	2	12,173,000
Washington	3	5,780,000		
West Virginia				
Wisconsin	6	7,933,000	3	33,342,000
Wyoming	2	3,728,000		
Marshall Islands			1	3,999,000
Puerto Rico	1	34,824,000		

Number and Amount of Direct, FFB Electrification and
Telephone Loans by State, Fiscal Year 1993

	<u>ELECTRIC</u>		<u>TELEPHONE</u>	
	<u>No.</u>	<u>Amount</u>	<u>No.</u>	<u>Amount</u>
UNITED STATES	17	\$773,848,782	11	\$78,516,988
Alabama			1	1,549,310
Alaska			1	2,227,553
Arizona	2	76,408,612		
Colorado	2	197,926,311	1	3,527,177
Florida	1	7,305,529		
Georgia			1	10,855,000
Illinois	1	41,700,486		
Iowa	1	630,501	1	1,264,000
Kentucky	1	108,808,000		
Minnesota	1	86,355,723		
Missouri	1	2,395,000		
Nebraska			1	4,672,000
North Dakota	1	2,141,000		
Oklahoma	1	54,143,287	1	35,277,000
Oregon	2	27,341,388	1	3,976,000
Tennessee			1	8,623,000
Texas	3	168,692,945		
Wisconsin			2	6,545,948

a/ Credit Reform procedures require the inclusion of 14 repriced electric guaranteed loans in the amount of \$660,504,782, and 4 repriced telephone guaranteed loans in the amount of \$11,456,988.

RURAL ELECTRIFICATION ADMINISTRATION

The estimates include appropriation language for this item as follows (new language underscored, deleted matter enclosed in brackets):

Rural Economic Development Loans Programs Account:

For loans authorized under section 313 of the Rural Electrification Act, for the purpose of promoting rural economic development and job creation projects [\$13,025,000] \$12,865,000.

For the cost, as defined in section 502 of the Congressional Budget Act of 1974, of direct loans, [\$3,423,000] \$3,077,000.

DEPARTMENT OF AGRICULTURE
RURAL ELECTRIFICATION ADMINISTRATION

Rural Economic Development Loans

	Loan Authorization	Subsidy
Appropriations Act, 1994.....	\$13,025,000	\$3,423,000
Budget Estimate, 1995	12,865,000	3,077,000
Decrease in Appropriation	- 160,000	346,000

SUMMARY OF INCREASES AND DECREASES

(On basis of loans and subsidies)

Item of Change:	1994 Appropriated	Change	1995 Estimated
Loan Authority	\$13,025,000	- \$160,000	\$12,865,000
Subsidy	3,423,000	- 346,000	3,077,000

PROJECT STATEMENT

(On basis of loans and subsidies)

Project	1993 Actual	1994 Appropriated	Increase or Decrease	1995 Estimated
Rural Economic Development Loans :				
Loan Level	\$12,389,000	\$13,025,000	-\$160,000 (1)	\$12,865,000
Loan Subsidies	3,198,272	3,423,000	-346,000 (2)	3,077,000
Unobligated Balance, Lapsing	224,728	- -	- -	- -
Total, Subsidy Appropriation	3,423,000	3,423,000	-346,000	3,077,000

Note: Under the Secretary's proposed reorganization plan, this account will be part of the Rural Business and Cooperative Development Service.

EXPLANATION OF PROGRAM

This program provides funds for loans and grants authorized under section 313 of the Rural Electrification Act of 1936, as amended, for the purpose of promoting rural economic development and job creation projects including funding for project feasibility studies costs, start-up costs, incubator projects and other expenses for the purpose of fostering rural development.

JUSTIFICATION OF INCREASES AND DECREASES

(1) A decrease in loan authority of \$160,000. (\$13,025,000 available in FY 1994.)

Need for Change. In order to reduce the cost of REA programs, the loan authority has been decreased.

Nature of Change. The amount of loans available for Rural Economic Development Loans will be reduced by \$160,000 from the FY 1994 Appropriated level.

(2) A decrease in loan subsidies of \$346,000. (\$3,423,000 available in FY 1994.)

Need for Change. The subsidy needed to support each loan level must be recalculated based on Federal Credit Reform Act of 1990 requirements.

Nature of Change. The subsidy for this program reflects the cost of a \$12.9 million loan program.

**Number and Amount of REA Rural Economic Development Loans
by State, Fiscal Year 1993**

	<u>Electric</u>		<u>Telephone</u>	
	<u>No.</u>	<u>Amount</u>	<u>No.</u>	<u>Amount</u>
UNITED STATES	51	\$10,403,000	14	\$1,986,000
Arkansas	1	364,300		
Georgia			1	400,000
Illinois	2	500,000		
Indiana	3	720,000		
Iowa	4	712,500	3	276,000
Kansas	3	452,200	1	75,000
Kentucky	3	760,000		
Louisiana	1	100,000		
Minnesota	7	1,020,000	2	240,000
Mississippi	2	800,000		
Missouri	3	1,068,000		
Montana	2	450,000	3	200,000
Nebraska			1	250,000
New Mexico	1	300,000		
North Carolina	1	100,000		
North Dakota	4	690,000	1	100,000
Oregon	1	60,000		
Pennsylvania	1	400,000		
South Dakota	4	855,000	1	45,000
Tennessee	5	500,000		
Virginia	1	400,000		
Wisconsin	2	151,000	1	400,000

RURAL ELECTRIFICATION ADMINISTRATION

STATUS OF PROGRAM

Current activities, progress, and current programs under each project are outlined below:

General Program Administration

Since inception of the direct/insured loan program, through September 30, 1993, approximately \$9.1 billion in regular principal payments and \$8.5 billion in interest payments have been made by electric borrowers. Telephone borrowers have paid \$2.2 billion in principal and \$1.9 billion in interest. As of September 30, 1993, four electric borrowers were in arrears with a total delinquency of \$865 million. Of this amount \$828 million is due from three borrowers for guarantees honored by REA, and \$37 million is due from three borrowers on direct/insured loans (two of whom are also delinquent on guaranteed loans). Workout agreements have been successfully negotiated with nine electric borrowers who were experiencing financial difficulty.

The balance of advance payments/cushion of credit accounts by electric and telephone borrowers was \$253.8 million on September 30, 1993, an increase of \$109.6 million from a year earlier. In the electric program, the advance payment/cushion of credit balance was \$172.3 million as of September 30, 1993, an increase of \$98.3 million from a year earlier. In the telephone program, the advance payment/cushion of credit balance was \$81.5 million as of September 30, 1993, an increase of \$11.3 million from a year earlier.

Accounting and Auditing - REA accountants are responsible for advising borrowers in the development, establishment, and proper maintenance of acceptable public utility accounting records systems. In addition, REA reviews the effectiveness of the methods of recording and controlling borrowers' assets, liabilities, and operations, and also the validity of the resulting reports. Reliable reports aid management's control of operations, planning, forecasting, cash flow projections, loan security, and program appraisal.

These responsibilities are carried out primarily by the field accounting staff with supervision and technical assistance provided by the Washington office. The Washington Staff has primary responsibility in conducting Loan Fund and Accounting Reviews (LFAR's) of generation and transmission (G&T) cooperative borrowers and telephone holding company borrowers and limited responsibility for conducting LFAR's in general.

During fiscal year 1993, REA accountants completed the following LFAR's:

<u>Program</u>	<u>Number of LFAR's</u>	<u>Unapproved Disbursements</u>	
		<u>No.</u>	<u>Amount</u>
Electric million	356	96	\$20.2
Telephone million	373	54	2.0
CATV	6	0	0
Rural Economic Development million	68	10	1.0

In the electric and telephone program, borrowers were required to reimburse the construction fund with their own general funds. In the rural economic development program, further investigations are under way to resolve these discrepancies.

Civil Rights - In fiscal year 1993, REA continued to promote patronage of minority business enterprises by REA borrowers and to assist the borrowers to develop training and employment opportunities for minorities and women. REA has maintained its efforts to broaden outreach with minority organizations and institutions by working cooperatively with USDA agencies to strengthen and expand the capacity of historically black colleges and universities to serve the national interest through quality education. REA encourages its borrowers to actively involve minorities and women in their programs and activities and has developed guidelines which borrowers may use to help increase participation.

During fiscal year 1993, REA processed and analyzed civil rights compliance and participation reports required of its 880 electric borrowers and 961 telephone borrowers. In addition, the REA Equal Opportunity and Civil Rights Staff (EOCRS) completed 48 modified civil rights compliance reviews of electric and telephone borrowers in the field. Additionally, the General Field Representatives of REA conducted 311 pre-award reviews and 362 post-award reviews.

Several REA civil rights guidelines, bulletins, and staff instruction will be revised and codified following the reorganization in 1994. REA continues to promote its Basic REA Civil Rights Development Program for cooperatives and telephone companies. This voluntary initiative is a national effort and provides the means for REA borrowers not only to comply with civil rights requirements, but to strengthen the borrowers' equal opportunity posture. The EOCRS is particularly interested in connecting cooperative and telephone companies with predominantly minority universities and other local educational institutions to promote diversity and upward mobility in the borrowers work force. At the close of fiscal year 1993, a total of 421 electric and 200 telephone borrowers are participating in this program.

Management Improvement Efforts - REA management is continuously striving to ensure the security of the \$63.1 billion in financing provided to approximately 2,000 electric and telephone borrowers since the inception of the program. Additionally, REA provides engineering and management assistance to its borrowers. These entail auditing, accounting, and management responsibilities with automated data processing (ADP) and Information Systems (IS) support.

In fiscal year 1993, REA completed, with the aid of a contractor, an Information System Plan (ISP) for the Agency. It looked at all phases of activities performed by the Agency at all levels. Interviews were conducted with REA employees, Department of Agriculture employees, and others having an interest in the mission of the Agency. These interviews provided the basis of the types of information required by Agency employees to carry out its mission. The ISP will serve as the strategic planning document for further automation of Agency information, which ranges from loan accounting systems to administrative functions. New systems and applications will be developed and legacy systems will be updated or eliminated. Implementation of the ISP will begin in fiscal year 1994 with a 5 year projected completion date. The need for new and updated systems will continue even with the changes proposed for USDA reorganization. REA's electric and telephone programs are expected to be placed in the new Rural Utilities Agency along with the Water and Waste Disposal Program of the Rural Development Administration.

REA is continuing with its long-range records automation plan. Staff is working with Kajax Engineering, Inc. (KEI) to convert several existing hard copy information systems to electronic imaging document archival and retrieval systems. The project is fully integrated into the Agency's long-range office automation plan. This 5-year project will result in significant office and storage space savings in addition to improving employee productivity in the records management arena. The pilot project, involving Agency historical publications files, is approximately 90 percent complete.

Utilizing the KEI contract, REA has completed the conversion of Agency directives and other publications to an electronic image based storage and filing system. When quality assurance testing is finished, this system will make revision of directives easier and faster. The same image discs will provide the framework for electronic distribution of directives and other Agency publications and eliminate the need for maintaining hardcopy inventories. In addition to improving distribution speed and delivery options (hard copy, floppy disk, electronic transfer, or fax), we expect to reduce space requirements by a total of 700 square feet (300 office and 400 storage).

REA has also taken several actions to upgrade the efficiency of Agency telecommunications systems and reduce costs. We have switched 13 AT&T 800 telephone lines to FTS 2000. Programmable telephone sets were provided to headquarters employees with single-line instruments, thereby improving telephone efficiency throughout the Agency.

Training - REA continues to develop employees through new and existing training programs. In fiscal year 1993, training was provided for Agency headquarters employees in Technical Writing, Project Management, Planning for Retirement, Letter Writing for Secretaries, Loan Documentation, Proscreen computer training, Introduction to Microsoft-Word, Introduction to Lotus 1-2-3, Advanced Microsoft Word, Advanced Lotus 1-2-3, Electricity 101, Advanced Electricity, and Construction Work Plans.

Five staff members that were selected for the REA Middle Management Development Program in 1992 received extensive training in each of the Agency's programs and basic supervision and management skills.

In addition to training programs for headquarters employees, training was also provided for field staff at area conferences throughout the year. Forums with supervisory and non-supervisory headquarter employees were conducted to help determine changes needed in Agency administrative policies and to plan future training initiatives. A secretarial advisory committee was established to review training needs and plan future secretarial training.

During fiscal year 1994, we will continue to provide on-site training in technical and management topics to aid in the development of Agency employees, including Supervisory Training, Communication Skills, Situational Leadership, Total Quality Management, Cultural Diversity, Sexual Harassment, Utility Finance, Cost and Toll Settlements, Telecommunications 101, Presentation Techniques, and a Secretarial Retreat.

Financial Services Staff - In the late 1980's, certain generation and transmission systems (G&T's) and distribution cooperatives found themselves unable to fully repay REA's direct and guaranteed loans. This was due to borrowers' over-optimistic projections of load growth, a decline in actual demand for electricity, costs over-run on nuclear plants, unstable oil prices, and negative economic changes.

The Financial Services Staff (FSS) has been working with REA's troubled-borrowers to maximize the Government's repayment collection potential. The staff has been assigned eleven G&T's and six distribution cooperatives with debt totaling over \$10 billion. To date, seven G&T and three distribution cooperatives' debts totaling over \$7 billion have been restructured. During fiscal year 1994, FSS anticipates accomplishing workouts of two G&T and three distribution cooperatives in the amount of approximately \$1.5 billion.

REA is continuing to analyze borrowers' financial and economic situations to detect potential financially troubled borrowers and will take appropriate preventive measures to ensure the Government's security on its outstanding loans. In addition, REA is encouraging potentially troubled borrowers to solve their own financial problems.

ELECTRIC PROGRAM

Borrowers' Progress and Financial Development - As of December 31, 1992, REA has provided financing to a total of 1,097 rural electric borrowers in 46 States, Virgin Island also and Puerto Rico. At the end of 1992, 934 of these borrowers had loans outstanding to REA and were providing electric service to 12,183,255 consumers over 2,095,906 miles of line, and employing 58,591 full-time employees. Of the total 934 active borrowers, 878 were engaged primarily in operating distribution systems while 56 were engaged in operating generation and transmission systems. During fiscal year 1993, borrowers received REA and non-REA financing to add 258,650 new consumers and 17,490 miles of line.

The total number of miles of line constructed by all rural electric distribution borrowers, including former borrowers, reached 2,230,138 miles as of December 31, 1992, and the number of consumers served 12,905,821. At year end 1992, a typical (median) electric distribution borrower operated 2,032 miles of line serving 8,655 consumers. As an illustration of size diversity, 57 borrowers had fewer than 2,000 consumers and 58 had more than 35,000 consumers.

Energized distribution borrowers as a whole showed a steady financial position. Their composite Times Interest Earned Ratio, a critical measure of financial strength, improved moderately from 2.22 to 2.25. Net margins from distribution operations increased to \$895 million. However, there are individual distribution borrowers with financial problems. In general, power supply borrowers performed satisfactorily. There are, however, individual power supply cases involving substantial investment where problems are not yet resolved. The financial difficulties result from causes such as excess capacity, actual construction costs higher than planned and cancellation of construction. REA is working with these borrowers to arrive at agreements which would provide repayment of their Government loans and improve their financial position.

The following schedule provides a percentage distribution of kilowatt-hours (kWh) sold, revenue, and consumers by type reported by REA borrowers operating distribution systems for calendar year 1992.

<u>Type of Consumer</u>	<u>kWh Sold</u>	<u>Revenue</u>	<u>Consumers</u>
Residential, Farm and Non-Farm	59.0	64.6	89.8
Commercial and Industrial, Small	18.5	19.2	8.6
Commercial and Industrial, Large	18.3	11.4	0.1
Other	<u>4.2</u>	<u>4.8</u>	<u>1.5</u>
Total	100.0%	100.0%	100.0%

Borrower Equity - As of December 31, 1992, the composite net worth of all electric power supply and distribution borrowers was \$11.5 billion or 19.3 percent, of total assets, compared with \$5.6 billion, or 13.4 percent, in 1982. Distribution borrowers had a composite net worth of \$11.1 billion or 40.5 percent as of December 31, 1992, compared with \$4.7 billion or 29.6 percent in 1982. Power supply borrowers had a composite net worth of \$333 million, or 1.0 percent, as of December 31, 1992, compared with \$913 million, or 3.5 percent, in 1982.

Electric Rates - During calendar year 1992, REA electric distribution systems had a net increase in farm and residential rates (revenues per kWh) of 2.5 percent. This compares with increases of 1.1 percent in 1991 and 1.2 percent in 1990. The average rate to the farm and residential consumers was 7.73 cents in 1992, compared with 7.54 cents in 1991.

Fiscal Year 1993 Loan and Loan Guarantee Activity - During fiscal year 1993, REA approved 256 loans in the aggregate amount of \$913,355,000 and 3 new loan guarantees in the amount of \$113,344,000. All three guaranteed loans were made to power supply borrowers. REA also repriced 14 guaranteed loans under credit reform requirement in the amount of \$660,504,782.

Earthquake Hazards Reduction Act - In order to comply with the Earthquake Hazards Reduction Act, Executive Order 12699, "Seismic Safety of Federal and Federally Assisted or Regulated New Building Construction," Federal agencies had to develop seismic safety regulations. REA issued its regulations in June 1993. Buildings designed and constructed in accordance with modern seismic standards can economically resist severe earthquakes. In California, where earthquake hazards are high, up-to-date seismic design standards are regularly adopted. The lack of recognition of earthquake hazards in the central and eastern United States has led to local building codes lagging behind the West Coast in the adoption of modern seismic criteria. Buildings financed by REA are to be designed according to building codes which have incorporated modern seismic requirements and will reduce risks to life and property from earthquakes.

The Clean Air Act Amendments of 1990 - The Clean Air Act Amendments of 1990 has a substantial impact on many REA borrowers leading to increased activity for purchasing pollution monitoring and control equipment. Nearly 20 REA financed generating units totaling about 4600 MW are among the identified "Phase I" units which must reduce their sulfur dioxide (SO₂) output by 1995. These units will have to install upgraded continuous emission monitors to track the pollutants coming from the stack and to also meet more stringent nitrous oxides (NO_x) emissions. REA has been working with these borrowers in their efforts to finance this equipment. Meeting the new SO₂ emission requirements can be done by switching to lower sulfur coal, installing sulfur removal equipment (scrubbers) or purchasing pollution allowances. NO_x reductions can be accomplished by installing low NO_x burners or chemical additives. These requirements are very capital intensive; and the affected borrowers are looking to REA for loan guarantees, lien accommodations, permission to use pollution control bonds, approval to use general funds, or other financial assistance. Another 17 REA financed generating units will be required to take similar actions in order to meet the "Phase II" of the Act which begins in the year 2000.

Major Borrower Actions Resulting From the Clean Air Act Amendments of 1990 - In September 1993, Big Rivers and the City of Henderson (City) sold 150,000 sulfur dioxide emission allowances associated with the City's Henderson Units for \$26,850,000. This sale was made to reduce the installed cost of the sulfur dioxide absorption system for the Henderson Units. Big Rivers operates the Henderson Units and receives by contract the majority of the power generated.

New Construction Work Plan Bulletin - REA has published a new "System Planning Guide, Construction Work Plans" bulletin. This bulletin provides a guide to the borrowers in developing future work plans and should lead to more sensible and uniform planning in the future. It also includes a model work plan.

Revision of Bulletin 50-5 (25 kV Construction Drawings) REA is in the process of updating Bulletin 50-5 (D-803) "Specifications and Drawings for 14.4/24.9 kV Line Construction." Significant changes are being made to the specifications which will bring them into compliance with the new edition of the National Electrical Safety Code. Unnecessary drawings will be eliminated and will result in new drawing numbers.

REA continues to review applications for listing of materials and equipment in REA Bulletin 1728C-100, "List of Materials Acceptable for Use on Systems of REA Electrification Borrowers." Approximately 125 applications for listing are received annually. At the present time, products from over 200 manufacturers are included in the List of Materials. This provides the borrowers with a list of readily available equipment and materials which fit into REA standard line construction and meet all applicable REA and national standards. The listed materials provide interchangeability among different manufacturer's materials, enhance economy of construction, and foster cooperation between borrowers in service restoration.

Specifications for Wood Crossarms, Poles, and Quality Control and Inspections -

These publications were recently released and update REA requirements for timber products. They provide REA electric and telephone borrowers, manufacturers of timber products, and the public with the rules and procedures the manufacturers of timber products must follow. These updated standards assist REA electric and telephone borrowers in providing their members or subscribers with the most modern and efficient electric or telephone service at the lowest cost.

A major change to the specification is addition of Copper Naphthenate (CuN) as an acceptable preservative system. The Environmental Protection Agency label registration for CuN is "non-restricted use" and does not require special handling and disposal. The handling and disposal of other types of preservative systems increase the cost in constructing overhead lines. REA has also found that the additional cost of upgrading retention levels is under \$10 per pole in most cases and may increase the service life of the pole by one third. As a result, REA revised its usage areas and required retentions for poles.

Environment - To encourage involvement of Federal and state agencies and the general public in the environmental review of projects proposed for REA financial assistance, REA convenes interagency and public scoping meetings and conducts site/corridor inspections. During fiscal year 1993, REA held six interagency and three public scoping meetings and conducted nine site/corridor inspections.

Fiscal year 1993 saw reduced activity in the construction of transmission lines, substations, small-scale power generation, and headquarters facilities for which a detailed investigation of environmental impacts was required. REA procedures require preparation of an environmental assessment and approval of environmental issues before a financial assistance package can be approved. Ten projects (six generation and four headquarters) within this category received environmental approval during the year as compared to 17 projects the previous year. New generation projects included combustion turbines (200 MW), diesel (4 MW), and hydroelectric (4.8 MW). The other generation related projects involved repowering a 100 MW facility in Alabama, fuel switching to Wyoming coal at a Missouri facility, and the installation of new ash and scrubber sludge facilities at an Arizona facility. Four additional projects in this category are presently under review.

REA borrowers continued to rebuild, upgrade, and expand their electric and telecommunication systems. Although formal environmental documentation by REA was not required for every submittal, each project was reviewed for its environmental acceptability and compliance with REA's environmental policies and procedures. During the year, approximately 1,100 environmental submissions were reviewed. Financial assistance or other approval was not granted unless the environmental consequences were acceptable. Line rerouting or other mitigative actions to avoid or reduce impacts were required for several of these projects. In seven instances, formal agreements were concluded among the jurisdictional agencies before REA's project approval could be given.

The Clean Air Act Amendments of 1990 has required some power supply borrowers to undertake modifications to their existing coal-fired generation facilities which are subject to environmental review by REA. The environmental review and approval of modifications at three facilities was completed during the fiscal year.

The applications for 184 rural economic development projects submitted by electric and telephone borrowers were also reviewed for environmental acceptability in fiscal year 1993. This total represents a 12 percent increase from the previous fiscal year.

Load Forecasting - REA reviewed and approved approximately 500 load forecasts prepared by borrowers in fiscal year 1993. These forecasts are used by borrowers to determine need for facilities and sources of revenues. REA works with borrowers during the development of the forecast and provides suggestions for

future improvements. Borrower kWh sales projections have reached a high level. New REA initiatives involve the development of better load shape and peak demand (kW) modeling and projections. This initiative encourages borrowers to develop the needed forecasts for use in future Integrated Resource Planning (IRP) which includes demand side management (DSM) and energy conservation. REA continues to actively support two annual borrower conferences on load forecasting. One on a national level sponsored by Burns and McDonnell, a consulting firm, and a second in the southeastern region of the country run by the G&T forecasters themselves.

REA is working with the Southeastern Power Administration and their cooperative customers in the development of an acceptable overall IRP process to meet the requirements of the National Energy Strategy. This process will produce a single criterion for the development and evaluation of IRP performed by REA borrowers. REA is vigorously supporting a process where the power supply borrower is responsible for the IRP, thereby leveraging its resources to the benefit of its member systems. REA is also working with the Department of Energy to develop an overall national strategy to promote the adoption of IRP by public utilities, including cooperatives and municipal systems.

Demand side management concerns are being incorporated into borrower load forecasts. In addition to promoting DSM, especially as an alternative to new supply resources, REA continually monitors current DSM activities in Government, industry, and cooperative forums. This ongoing activity will allow REA to implement DSM regulations as needed by basic business requirements, executive order, or as mandated by Congress.

Borrower Generation Facilities Completed - Brazos Electric Power Cooperative, Inc. (Brazos) has received REA approval to use its general funds for the installation of two gas fired 104 MW Simple Cycle Combustion Turbines (CTs). These funds are not subject to reimbursement with loan funds. The CTs are manufactured by Westinghouse and will be installed at Brazos' R. W. Miller Plant. These units are scheduled to come on-line by summer of 1994.

Oglethorpe Power Corporation, (Oglethorpe) received REA approval for its Power Purchase Agreement with Hartwell Energy Limited Partnership (TRANSCO) on June 19, 1992. This Agreement provides for Hartwell to plan, design, construct, install, commission, operate, maintain, and own the Hartwell Power Plant for the exclusive use of Oglethorpe. The plant will be located in Hart County, Georgia. It will consist of two nominal simple cycle gas turbine generating units of about 150 MW each plus the common facilities. The 300 MW Hartwell IPP Plant is currently under construction. It is scheduled for commercial operation on June 1, 1994. This agreement does not require any financing from REA.

Federal Financing Bank Repricings and Refinancings In mid-fiscal year 1992, REA began a repricing program (repricing) which reduced the interest rate on existing FFB notes over 12 years old. The borrowers were required to pay the premium in accordance with their notes. This premium was equal to approximately 1 year's interest. The reduced interest rate provided savings to the FFB borrower that could be passed on to cooperative owners and rate payers through reduced future electric rates, repayment of debt, and other means that benefit the rural consumer.

Prior to enactment of the Omnibus Budget Reconciliation Act of 1993 (OBRA), REA repriced loans totaling \$660.5 million and scored them using the REA loan guarantee subsidy budget authority as required under credit reform procedures. After enactment of OBRA, REA repriced an additional \$1.3 billion without scoring under credit reform procedures. A new refinancing program that incorporates the terms of the 1993 OBRA will begin in fiscal year 1994. This program will allow the borrower to finance the premium and select short-term as well as long term financing options.

System Bankruptcies - At the end of fiscal year 1993, Wabash Valley Power Association, Inc. (Wabash), Indianapolis, Indiana; Eastern Maine Electric Cooperative, Inc. (EMEC), Calais, Maine; and New Hampshire Electric Cooperative, Inc. (NHEC), Plymouth, New Hampshire were in Chapter 11 bankruptcy.

These bankruptcies are related to power supply matters. EMEC and NHEC are waiting final approvals on their plans of Reorganization and should emerge from bankruptcy in early 1994. (Note: NHEC emerged from bankruptcy on November 30, 1993, and EMEC is current on its payments to REA.) However, it is likely that Wabash will continue to be litigated for some time before the final impact on REA and the borrower is determined.

Repayment Default by Borrowers - As of September 30, 1993, REA had 18 borrowers which have been identified as "troubled borrowers." Of these borrowers, 10 are operating under completed restructure agreements, or for those that went through a bankruptcy, a "Plan of Reorganization." Three borrowers are under system bankruptcies. Significant ongoing discussions and negotiations are continuing with four of these 10 cooperatives that have previously executed debt restructure agreements.

The remaining five cooperatives include two distribution and three power supply cooperatives with a combined guaranteed and direct debt to the Government in excess of \$1.0 billion.

Two cooperatives have essentially completed a restructure agreement with their creditors and are waiting for regulatory approvals. One borrower was acquired by an investor owned utility. This acquisition is in the process of being finalized. Two borrowers were identified as "Distressed Borrowers" under 7 CFR 1786 and received refinancing allocations. Due to lower interest rates for these two borrowers, potential defaults have been minimized.

Borrower Consolidation - During fiscal year 1993, REA field representatives worked with several borrowers investigating the possibility of consolidating with other systems. Interest in consolidation continues as borrowers consider better ways to manage in today's business environment. During fiscal year 1993, REA approved mergers involving six systems merging into three, and one which merged with a commercial company.

Insured Loan Fund Advances and Construction Progress

	<u>1992</u>	<u>1993</u>
Insured Loan Advances (fiscal year).....\$	\$401,004,813	\$387,768,656
Consumers connected (calendar year).....	229,890	276,960 est.
Miles energized (calendar year).....	16,569	19,937 est.

Unadvanced insured electrification loan funds totaled \$1.86 billion as of September 30, 1993.

Cumulative Payments of Insured Loans

	<u>Fiscal Year</u>	
	<u>1992</u>	<u>1993</u>
Payments:		
Principal.....	\$8,756,339,925	9,120,346,649
Interest	7,978,673,190	8,485,402,880
Payments ahead of schedule	74,000,026	172,262,741
Payments overdue more than 30 days..	30,365,755	36,962,728
Interest and principal lost on two foreclosures	44,478	44,478

Progress of Electrification Program - The cumulative figures presented in the following Tables I and II show the progress that has been made in the electrification program since its inception.

TABLE NO. I - ELECTRIFICATION LOANS

(Cumulative Figures)

Date	Total Direct & Insured Loans All Purposes	Long-Term Supplemental Loans a/	Loan Guarantee Commitments	Construction Authorized	
				Miles of Line	By Total Loans to Date Consumers to be Served
1936 - 1970	7,329,418,562	62,000,000		1,681,825	6,908,440
June 30, 1971	7,690,458,056	74,774,000		1,699,683	7,113,261
June 30, 1972	8,128,458,056	243,170,000		1,772,866	7,412,054
June 30, 1973	8,746,398,057	350,408,100		1,756,889	7,858,579
June 30, 1974	9,364,746,057	884,373,000	\$ 974,433,000	1,789,464	8,297,824
June 30, 1975	10,065,663,198	1,049,343,500	2,130,776,000	1,826,837	8,691,541
June 30, 1976	10,814,505,146	1,247,750,000	3,422,329,000	1,857,872	8,992,150
Sept. 30, 1977 ...	11,843,244,646	1,526,088,308	7,811,694,000	1,889,603 b/	9,363,546 b/
Sept. 30, 1978 ...	12,695,852,805	1,771,115,232	10,120,812,000	1,935,184	9,878,264
Sept. 30, 1979 ...	13,743,204,822	2,059,865,340	15,550,489,000	1,971,249	10,310,990
Sept. 30, 1980 ...	14,667,668,821	2,425,257,643	20,794,423,000	2,004,249	10,743,122
Sept. 30, 1981 ...	15,517,468,822	2,930,690,643	25,787,839,000	2,036,370	11,124,452
Sept. 30, 1982 ...	16,367,468,822	3,227,509,036	30,803,239,470	2,060,917	11,416,909
Sept. 30, 1983 ...	17,210,757,822	4,323,016,968	33,033,014,812	2,094,917	11,672,909
Sept. 30, 1984 ...	18,052,907,819	4,979,133,896	33,645,164,820	2,104,455	12,120,855
Sept. 30, 1985 ...	18,607,067,832	7,114,632,970	32,372,593,434	2,120,972	12,375,867
Sept. 30, 1986 ...	19,249,602,935	7,370,602,091	30,980,392,027	2,137,532	12,622,463
Sept. 30, 1987 ...	19,833,743,216	7,559,700,000	30,959,549,842	2,160,040	12,845,500
Sept. 30, 1988 ...	20,420,021,878	7,804,779,000	31,497,487,828	2,172,945	13,210,669
Sept. 30, 1989 ...	20,991,325,799	9,277,490,897	30,879,101,072	2,185,129	13,510,018
Sept. 30, 1990 ...	21,581,131,547	9,773,185,540	30,907,614,363	2,200,678	13,770,498
Sept. 30, 1991 ...	22,026,711,334	9,929,826,498	31,407,269,249	2,214,198	13,955,423
Sept. 30, 1992 ...	22,621,316,426	10,279,641,702	30,612,328,653	2,233,527	14,176,946
Sept. 30, 1993 ...	23,523,875,195	10,696,989,199	30,630,153,133	2,250,260	14,518,552

a/ Includes commitments for long-term financing from all sources other than REA direct and insured loan and loan guarantee programs.

b/ Reflects June 30 statistics.

TABLE NO. 11 - ELECTRIFICATION CONSTRUCTION
(Cumulative Figures)

Date	Direct & Insured Loan Funds Advanced to Borrowers a/	Under Guarantee a/	Construction Completed b/		Total mWh Sales c/ (Annual)(Thousands)
			Total Miles Energized	Total Consumers Served	
1936-1970.....	6,463,530,118		1,676,001	6,442,332	76,009,289
1971	6,875,490,883		1,700,348	6,747,698	84,282,836
1972	7,293,974,951		1,732,545	7,076,249	93,534,163
1973	7,748,574,076		1,766,701	7,457,123	100,688,298
1974	8,428,574,076		1,797,525	7,767,813	105,690,807
1975	4,140,430,790	\$ 249,237,000	1,827,896	8,017,654	112,669,814
1976	9,813,780,284	902,438,000	1,857,434	8,311,779	124,004,376
1977	10,689,455,578	2,287,307,219	1,890,173	8,630,818	131,547,776
1978	11,425,761,950	4,053,295,219	1,917,859	8,962,540	141,908,005
1979	12,332,895,522	5,741,699,219	1,950,394	9,275,086	150,055,226
1980	13,300,561,317	8,178,223,219	1,978,758	9,523,552	160,243,316
1981	14,223,624,965	12,148,594,761	2,009,504	9,844,319	167,687,587
1982	15,033,054,352	16,163,645,166	2,036,416	10,096,448	172,731,820
1983	15,706,706,260	19,285,946,383	2,057,702	10,555,401	187,193,706
1984	16,298,908,490	21,637,515,383	2,082,093	10,836,358	209,063,661
1985	16,960,120,665	23,679,423,763	2,100,005	11,110,158	215,175,311
1986	17,691,652,392	25,013,019,178	2,122,550	11,357,105	215,599,260
1987	18,282,355,463	25,580,697,271	2,142,419	11,628,110	223,965,317
1988	18,865,058,534	25,779,086,688	2,150,389	11,797,981	236,468,484
1989	19,577,377,221	26,004,433,688	2,178,530	12,139,143	239,666,253
1990	20,324,479,315	26,130,979,092	2,197,841	12,382,969	252,151,483
1991	20,913,570,555	26,229,025,966	2,210,896	12,612,389	252,568,951
1992	21,317,103,552	26,437,162,797	2,230,138	12,905,821	260,492,023
1993	21,657,498,271	26,606,587,797	2,250,075 est.	13,182,781 est.	266,497,908 est.

a/ Fiscal Year

b/ Calendar Year.

c/ Excludes energy sales by one REA borrower to another.

TELEPHONE PROGRAM

Providing Initial Service To Rural Subscribers - During calendar year 1992, REA financed borrowers reported an increase of 276,013 subscribers over calendar year 1991. This brings the total number of subscribers served by REA financed systems to 6,110,615.

During fiscal year 1993, seven companies -- The Island Telephone Company (Maine), Georgetown Telephone Company, Inc. (Mississippi), Terral Telephone Company (Oklahoma), Lake Livingston Telephone Company, Inc. (Texas), Border to Border Communication, Inc. (Texas), New Castle Telephone Company (Virginia), and Kalama Telephone Company (Washington) -- received first time (initial) loans from REA totaling \$17,055,650 to provide new or improved service to 6,530 total subscribers over 2,952 miles.

Other Loan Fund Purposes - In conjunction with providing funds for new subscribers, during fiscal year 1993, REA financing provided for many systemwide technological improvements and other services such as Educational Television (ETV) and Basic Exchange Telephone Radio Systems:

- REA financing totaling over \$129 million was provided for fiber optic systems and 6,745 miles of fiber optic cable;
- over \$90 million in REA financing was provided for new digital central office switching equipment and software upgrades totaled more than \$27 million;
- REA financing also provided for rural radio systems (BETRS) totaling more than \$2 million to serve 272 subscribers where more conventional service would have been too costly or impracticable; and
- REA provided financing totaling over \$4 million to borrowers for the purpose of providing ETV service to 52 rural schools.

Upgrading Rural Telephone Service - Over 6.11 million subscribers were receiving service on REA financed systems as of December 31, 1992. Of this total, 97.9 percent were receiving one-party service, an increase of .5 percent from December 31, 1991. Continued progress is being made toward single-party service in rural communities as shown below.

Percent of Subscribers by Grade of Service End of Calendar Year

<u>Service</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>
1-party.....	94.1%	95.2%	96.3%	97.4%	97.9%
2-party.....	0.8	0.8	0.6	0.4	0.3
4-party (or more)...	5.1	4.0	3.1	2.2	1.8

Upgrading service has resulted in an increase in long-distance calling which has in turn increased telephone revenues. Average toll revenue and access-charge revenue per subscriber increased from \$501 in 1991, to \$519 in 1992, and the average local service revenue per subscriber increased from \$191 in 1991, to \$195 in 1992.

REA Guaranteed Federal Financing Bank (FFB) Loans - Renewed participation in the guaranteed lending program continued during fiscal year 1993. During the fiscal year, seven REA guaranteed commitments of FFB loans were made totaling \$67.1 million. In addition, seven borrowers refinanced \$25.6 million of existing FFB loans at more favorable interest rates.

Financial Development of Telephone Borrowers - Total operating revenues reported by REA telephone borrowers in calendar year 1992 amounted to \$4.7 billion compared

with \$4.4 billion in 1991. Toll-service revenues amounted to 67 percent of the total, or about \$3.2 billion. This is a continuation of the trend in the past few years which has been due to upgrading service to subscribers, increased ownership of toll lines by borrowers, and improved toll settlement contracts.

The Agency continues to encourage borrowers to seek outside financing for plant additions. This is part of the Administration's efforts to reduce subsidy costs while providing REA financing for those who need it. Borrowers have been able to attract the outside capital necessary to finance projects related to expansion and modernization of basic telephone services and other telecommunications facilities because of REA's policy concerning lien accommodations and subordinations.

Borrower Net Worth - Borrowers' net worth increased by \$547 million during calendar year 1992 and now represents 42.8 percent of total assets. The following table shows that total net worth has increased approximately 185 percent during the last 10 years, and the average net worth to assets ratio has also improved substantially.

Year	No. of Borrowers Reporting	<u>Net Worth</u>		
		Reported Net Worth (in \$000's)	Average Net Worth for all Borrowers (in \$000's)	Net Worth as % Total Assets
1982	950	2,050,894	2,159	26.3
1985	942	2,853,771	3,029	30.1
1986	935	3,108,226	3,324	31.4
1987	920	3,494,074	3,798	33.4
1988	913	3,799,730	4,162	35.4
1989	903	4,304,796	4,767	37.8
1990	897	4,823,278	5,377	39.6
1991	902	5,290,597	5,865	41.1
1992	899	5,838,190	6,494	42.8

Borrower Plant Investment - At the end of calendar year 1992, telephone plant-in-service totaled \$14.9 billion, an increase of \$849 million for the year. This represents an investment per subscriber of \$2,435, a slight increase from the \$2,404 per subscriber investment reported in 1991.

Management Assistance - REA provides assistance to borrowers in the area of loans, management, revenue requirements, and other matters to support the most efficient use of loan funds and preserve the security of outstanding loans. To conserve fund requirements, emphasis has been placed on efficient management practices and the development of new sources of revenue.

Telecommunications Engineering and Standards Activities - The REA engineering support staff continues to adapt to the rapid technological growth and trends within the telecommunications industry in a manner that will benefit rural America. REA encourages the utilization of proven telecommunications technologies to advance the information needs of rural America.

REA is participating with the telecommunication industry's standards development organizations to assure that the materials and equipment standards will properly protect the interests and needs of REA telephone borrowers serving sparsely inhabited areas. Our goal is to assure the availability of equipment and practices that will provide dependable and economical telecommunications services to rural America.

REA actively participates on Surge Protection Devices Subcommittees of the American National Standards Institute (ANSI) and the Institute of Electrical and Electronics Engineers (IEEE), and is a voting member of ANSI T1 and the Protection Engineers' Group of the Alliance for Telecommunications Industry Solutions

(formerly Exchange Carriers Standards Association). These efforts will assist in the development of guides and standards relating to discrete electrical surge arresting components; complete product devices such as telephone station protectors, network interface devices, building entrance protectors, telephone central office protectors; and power surge suppression devices for electric power facilities serving telephone central offices.

REA also continues to maintain active membership on Panel 16 of the National Fire Protection Association (NFPA). Panel 16 of the NFPA is responsible for telecommunication wiring requirements appearing in ANSI/NFPA 70, National Electrical Code (NEC). Most states within the union adopt the NEC and require telephone companies to install facilities strictly in accordance with this Code. REA maintains membership on the committee to assure borrowers' rural area concerns are taken into account in the Code (requirements) development process.

REA assists borrowers in developing their network switching designs involving digital switch replacements, new digital switch deployments, and existing digital switch additions and upgrades. These designs are integrated with transitions from old to new distributed access network architectures. Borrowers are bringing digital telecommunications access closer to their subscribers. Borrowers have digitized most of their trunk transport facilities and central office switches and are now working at digitizing their analog feeder and distribution facilities. Small and medium sized host switches are being replaced with concentrators. Small and medium sized remote switching terminals, with or without intra-nodal switching or emergency stand alone arrangements, are being replaced with concentrators. Host switches serving distributed and co-located concentrators are being located at sites that were formerly served by remote switching terminals when those arrangements best fit into new fiber transport, feeder and distribution network plans.

The REA staff continues to work with manufacturers, consulting engineers, and REA borrowers on innovative techniques for economical rural telephone service. Radio is one way of providing quality service that is also cost effective. REA has actively promoted radio for 30 years as an alternative to the high cost of wireline construction in sparsely inhabited rural areas. REA was responsible for petitioning the FCC which resulted in the Commission authorizing the establishment of BETRS (Basic Exchange Telecommunications Radio Service) in 1988. REA's commitment continues by again joining the United States Telephone Association (USTA), National Telephone Cooperative Association (NTCA), National Rural Telephone Association (NRTA), and Organization for the Protection and Advancement of Small Telephone Companies (OPASTCO) in petitioning the FCC for additional spectrum for BETRS. Providing economical quality service, BETRS is most often used to provide first time service to subscribers.

REA borrowers, contending with the unique problems associated with serving rural areas, benefit from wireless telephone service. Cellular technology is an example of innovatively using a technology for rural applications, resulting in fixed cellular. Fixed cellular has provided economical and, in many instances, first time service to subscribers.

Personal Communications Services (PCS) is creating another generation of wireless services that can be used to enhance rural telecommunications. The same variety and quality of service is both desired and expected in rural areas. REA will continue to follow technological developments and to aid in the development of future rural telecommunications systems.

REA continues to support the application of new products for rural telephone systems by participating in field trials of new equipment, providing technical information updates, system specification and economic feasibility reviews, and maintaining equipment specifications.

Lightwave systems were originally being used by the rural telephone companies for point-to-point transmission and high speed connections to larger telephone

companies. However, as new services are developed, lightwave equipment has become more sophisticated and new technologies such as Synchronous Optical Network (SONET), Asynchronous Transfer Mode (ATM), Integrated Services Digital Network (ISDN) and Add/Drop multiplexing have started to appear in the rural telephone systems. These new technologies are capable of delivering broadband services like video distant learning, medical links, and video to the rural area. These technologies will allow rural subscribers access to services that before were only available in urban areas.

The Telecommunications Standards Division conducted Telecommunications Engineering and Management Seminars at two locations last year. Major emphasis was focused on design, economics, materials, construction, testing and application of fiber optics in the local exchange plant in rural areas.

REA continues to work with borrowers, manufacturers and users to lower material costs, and to implement new and improved specifications and standards. These changes are intended to accommodate improving technology and to provide superior products to REA borrowers.

TELEPHONE PROGRAM STATISTICS

Through September 30, 1993, REA loans, loan guarantees, and loans from the Rural Telephone Bank totaled \$10.4 billion. The percentage of farms with telephone service has increased from about 38 percent in 1949 to about 97 percent today. Satisfactory rural telephone service today demands an improved grade of service from

the four- or eight-party rural concepts of years ago. In keeping with subscriber demand, REA recommends one-party, flat rate rural service. Recognizing various borrower circumstances, however, REA will assist with providing quality 4-party service where necessary. As of December 31, 1992, 97.9 percent of the subscribers of REA borrowers were receiving 1-party service.

Loan Activity - During fiscal year 1993, 43 insured loans were approved totaling \$311,025,000, 38 Rural Telephone Bank loans were approved totaling \$174,999,300, and seven new loan guarantee commitments were made totaling \$67,060,000. REA also repriced four guaranteed loans under credit reform requirements totaling \$11,456,988. During the year, there were 30 rescissions of prior year loans totaling \$74,760,572. This included 10 REA loans for \$16,571,922, 18 RTB loans for \$34,891,650, and two loan guarantee commitment for \$23,297,000.

Fund Advances and Construction Progress

	<u>1992</u>	<u>1993</u>
Advances (fiscal year)		
REA Loans.....	\$172,453,544	205,773,783
RTB Loans.....	\$88,997,072	108,444,566
Loan Guarantees.....	\$5,668,000	13,509,000
Route miles of line constructed or improved, net	9,443	11,020
Subscribers receiving new or improved service, net.....	125,079	75,190

Through September 30, 1993, borrowers had received cumulative advances from the REA loan program totaling \$8,423,217,344. Total REA telephone, Rural Telephone Bank loans, and loan guarantee commitments approved provided for construction and improvement of 1,023,577 miles of line and new or improved dial service to 6,251,293 subscribers. Unadvanced insured telephone loan funds totaled \$1,021,471,542 as of September 30, 1993.

Cumulative Payments - REA Loans

	<u>1992</u>	<u>1993</u>
Payments: (fiscal year)		
Principal (Including payments ahead of schedule).....	\$2,120,046,844	\$2,271,198,281
Interest.....	1,768,581,625	1,899,941,221
Payments ahead of schedule.....	70,205,305	81,538,872
Payments overdue more than 30 days.....	--	40

Progress of REA and RTB Telephone Programs

The cumulative figures presented in the following Tables I and II show the progress that has been made in the REA and RTB telephone programs since their inception.

TABLE NO. 1 - TELEPHONE LOANS

Date	Total REA Net Loans a/	Telephone Bank Net Loans	(Cumulative Figures)			
			Loan Guarantee Commitments	Construction Authorized		Subscribers to Receive New or Improved Service
				By Total Loans to Date		
				Route Miles of Line To Be Constructed	or Improved	
1950-1969.....	\$1,623,413,120			552,927		2,364,493
June 30, 1970...	1,746,578,450			564,771		2,450,421
June 30, 1971...	1,870,028,433			579,233		2,543,516
June 30, 1972...	2,002,536,718	\$ 90,954,800		596,119		2,698,337
June 30, 1973...	2,147,368,193	240,913,490		616,274		2,854,530
June 30, 1974...	2,287,396,227	397,344,290		636,755		3,026,688
June 30, 1975...	2,487,335,227	557,532,080	\$200,000,000	693,064		3,494,543
June 30, 1976...	2,737,299,979	737,202,830	381,615,000	742,225		3,842,606
Sept. 30, 1977..	3,032,569,126	923,744,623	393,873,000	768,097		4,093,482
Sept. 30, 1978..	3,298,965,598	1,076,923,873	391,918,000	790,669		4,318,651
Sept. 30, 1979..	3,548,961,362	1,207,676,173	311,918,000	815,975		4,497,419
Sept. 30, 1980..	3,793,445,662	1,367,234,097	417,903,000	835,464		4,672,647
Sept. 30, 1981..	4,032,971,525	1,520,511,682	469,946,000	859,457		4,899,384
Sept. 30, 1982..	4,272,115,929	1,694,587,539	629,335,000	888,000		5,091,000
Sept. 30, 1983..	4,517,363,859	1,860,593,433	673,647,000	905,000		5,219,000
Sept. 30, 1984..	4,738,327,507	1,993,109,001	740,438,000	924,137		5,407,097
Sept. 30, 1985..	4,938,184,502	2,141,439,869	679,454,000	935,399		5,500,096
Sept. 30, 1986..	5,109,951,104	2,222,571,187	679,454,000	940,774		5,583,517
Sept. 30, 1987..	5,338,204,715	2,392,178,866	673,397,000	971,719		5,663,220
Sept. 30, 1988..	512,526,619	2,407,583,826	664,391,000	977,092		5,723,741
Sept. 30, 1989..	5,721,580,239	2,525,809,488	630,894,093	984,607		5,842,511
Sept. 30, 1990..	5,946,821,894	2,647,220,503	621,197,960	992,200		5,962,912
Sept. 30, 1991..	6,120,014,892	2,777,490,243	682,897,960	1,003,114		6,051,024
Sept. 30, 1992..	6,319,395,212	2,897,405,293	715,099,960	1,012,557		6,176,103
Sept. 30, 1993..	6,613,848,289	3,037,512,992	758,862,960	1,023,577		6,251,293

a/ Comprised of REA insured loans.

TABLE NO. 11 - TELEPHONE CONSTRUCTION

Date	(Cumulative figures)				
	REA Loan Funds Advanced To Borrowers a/	Telephone Bank Loan Funds Advanced To Borrowers b/	Loan Funds Advanced To Borrowers Under Guarantee b/	Construction Completed c/ d/	
				Route Miles of line Constructed or Improved	Subscribers Receiving New or improved Service
1950 - 1969	\$1,348,878,422			554,190	2,184,575
1970	1,484,279,069			547,322	2,334,511
1971	1,621,729,749			568,051	2,428,868
1972	1,754,097,487	\$ 587,923		583,922	2,574,814
1973	1,876,472,536	45,642,259		603,747	2,725,030
1974	1,998,530,418	144,350,892		627,483	2,919,113
1975	2,141,897,321	274,228,758	\$ 5,528,683	652,884	3,045,292
1976	2,284,760,323	387,163,911	45,588,544	683,648	3,283,223
1977	2,492,089,204	486,044,526	95,045,815	726,271	3,599,069
1978	2,637,142,419	628,341,716	138,360,625	748,361	3,877,060
1979	2,835,240,540	758,881,783	184,760,170	771,951	4,072,709
1980	3,074,345,739	958,826,018	246,829,859	797,944	4,262,359
1981	3,355,041,322	1,107,425,390	283,524,456	804,982	4,374,005
1982	3,593,616,042	1,219,657,517	348,210,000	830,948	4,545,576
1983	3,775,526,906	1,313,060,353	379,459,740	846,989	4,628,778
1984	3,963,360,749	1,403,510,902	422,929,740	868,333	4,746,909
1985	4,099,287,553	1,476,186,159	443,832,740	871,643	4,792,145
1986	4,328,619,093	1,547,946,679	470,162,740	868,923	4,832,686
1987	4,489,982,114	1,599,921,617	492,525,960	877,218	5,004,558
1988	4,665,272,952	1,719,409,984	495,850,960	895,553	5,096,867
1989	4,832,430,651	1,816,456,931	498,037,960	911,282	5,276,450
1990	5,018,490,634	1,924,151,922	508,625,960	923,909	5,472,216
1991	5,216,083,490	2,087,294,997	527,625,960	937,037	5,834,602
1992	5,386,602,966	2,176,292,069	533,293,960	950,271	6,110,615
1993	5,592,376,749	2,284,736,635	546,103,960	960,271 est.	6,173,615 est.

a/ Fiscal Year - Includes advances on REA direct and insured loans.

b/ Fiscal Year.

c/ Calendar Year.

d/ Excludes some borrowers who have received REA loans, RTB loans, and REA loan guarantee commitments totaling less than 20 percent of total assets.

RURAL ELECTRIFICATION ADMINISTRATION

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Rural Telephone Bank Program Account

- The Rural Telephone Bank is hereby authorized to make such expenditures, within the limits of funds available to such corporation in accord with
- 1 law, and to make such contracts and commitments [without regard to fiscal year limitations as provided by section 104 of the Government Corporation Control Act, as amended,] as may be necessary in carrying out its
 - 2 authorized programs for the current fiscal year. During fiscal year [1994] 1995, and within the resources and authority available, gross obligations for the principal amount of direct loans shall be [\$199,847,000]
 - 3 \$175,000,000: Provided, That loans made pursuant to section 408 of the Rural Electrification Act shall bear interest at the rate of marketable Treasury securities of similar maturity at the time the loan is made.

For the cost, as defined in section 502 of the Congressional Budget Act of 1974, including the cost of modifying loans, of direct loans authorized by the Rural Electrification Act of 1936, as amended (7 U.S.C. 935), [\$3,118,000] \$35,000.

In addition, for administrative expenses necessary to carry out the loan programs, [\$8,794,000] \$8,818,000.

The first change deletes the provision that abolishes a fiscal year limitation.

The second change updates the fiscal year designation.

The third change allows the Rural Telephone Bank to make loans at the Treasury interest rate.

DEPARTMENT OF AGRICULTURE
RURAL ELECTRIFICATION ADMINISTRATION

Rural Telephone Bank

	<u>Loan Authorization</u>	<u>Subsidy</u>
Appropriations Act, 1994.....	\$ 199,847,000	\$3,118,000
Budget Estimate, 1995.....	175,000,000	35,000
Decrease in Appropriation	- 24,847,000	- 3,083,000

SUMMARY OF INCREASES AND DECREASES
(On basis of loans, subsidies and administrative expenses)

<u>Item of Change</u>	<u>1994 Appropriated</u>	<u>Change</u>	<u>1995 Estimated</u>
Loans:			
Direct Loans, Cost of Funds	\$199,847,000	- \$199,847,000	0
Direct Loans, Treasury Rate	0	+ 175,000,000	\$175,000,000
Total, Loans	<u>199,847,000</u>	<u>- 24,847,000</u>	<u>175,000,000</u>
Loan Subsidies:			
Direct Loans, Cost of Funds	3,118,000	- 3,118,000	0
Direct Loans, Treasury Rate	0	+ 35,000	35,000
Total, Loan Subsidies	<u>3,118,000</u>	<u>- 3,083,000</u>	<u>35,000</u>
Administrative Expenses	<u>8,794,000</u>	<u>+ 24,000</u>	<u>8,818,000</u>

PROJECT STATEMENT

(On basis of loans, subsidies, and administrative expenses)

Project	1993 Actual		1994 Appropriated		Increase or Decrease		1995 Estimated	
	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy
Rural Telephone Bank								
Loans:								
Direct, Cost of Funds	\$174,999,300	\$35,000	\$199,847,000	\$3,118,000	-\$199,847,000	-\$3,118,000	\$0	\$0
Direct, Treasury Rate	0	0	0	0	175,000,000	35,000	175,000,000	35,000
Total Loans & Subsidies ...	174,999,300	35,000	199,847,000	3,118,000	-24,847,000 (1)	-3,083,000 (2)	175,000,000	35,000
Administrative Expenses ...		8,632,000		8,794,000		24,000 (3)		8,818,000

Note: Under the Secretary's proposed reorganization plan, this account will be part of Rural Utilities Service.

EXPLANATION OF RURAL TELEPHONE BANK PROGRAM

Public Law 92-12, approved May 7, 1971, amended the Rural Electrification Act of 1936, as amended, to establish the Rural Telephone Bank as a supplemental source of financing the Rural Telephone Program. The Act, as amended, permitted the Secretary of the Treasury to purchase the Bank's debentures. This reduced RTB borrower costs. Public Law 93-32, approved May 11, 1973, further amended the Act to increase the Bank's borrowing authority from eight to twenty times its paid-in-capital and retained earnings. The Bank charges an interim rate from date of advance until the end of the fiscal year of the Bank's rate of borrowing from Treasury. After the first year, a complex formula for computing the Bank's lending rate applies, but the rate cannot be less than 5 percent per annum.

Borrowing Authority

Equity capital of the Bank consists of Class A stock, bearing a 2 percent dividend, purchased by the United States Government; Class B and C stock purchased by Bank borrowers, organizations eligible to become borrowers, organizations controlled by borrowers; and retained earnings. With the implementation of Credit Reform in FY 1992, the Bank was provided permanent, indefinite authority to meet its cash needs on all loans made prior to FY 1992.

Highlights of Operation

The Rural Telephone Bank made 38 loans totaling \$174,999,300 in FY 1993. Since its inception, the Bank has made loans totaling \$3,037,512,993 to 613 borrowers.

The net income of the liquidating account from October 1, 1992, to September 30, 1993, amounted to \$62,924,339. After making provision for a return of \$11,841,593 on Class A stock held by the government, a balance of \$49,119,140 was available for patronage refunds, dividends, and retained earnings. Assets of the liquidating account totaled \$1,770,683,024 as of September 30, 1993, and liabilities were \$777,964,628. The Bank has invested some of the proceeds from the sale of Class B and C stock in United States securities; interest on these investments amounted to \$11,238.

In FY 1993, an Equity Account was established with Treasury for the Rural Telephone Bank for Class B and Class C Stock. As of September 30, 1993, \$147,178,045 of Class B Stock and \$30,217,000 of Class C Stock were deposited into this account from the liquidating fund. In addition, \$33,571 of Class B Stock was transferred from the financing fund, resulting in total accumulated equity receipts of \$177,428,616. Funds accumulated may be used to begin redemption of Class A Stock in FY 1996, as allowed by law.

Program Statistics
(Dollars in thousands)

	<u>FY 1993</u> <u>Actual</u>	<u>FY 1994</u> <u>Estimate</u>	<u>FY 1995</u> <u>Estimate</u>
Cumulative net loans.....	\$3,037,513	\$3,237,361	\$3,412,361
Cumulative loan funds, advanced.....	2,284,736	2,430,802	2,589,550
Unadvanced loan funds, end of year...	752,778	806,558	822,810
Cumulative principal repaid.....	550,832	634,586	711,700
Cumulative interest paid.....	1,574,650	1,701,448	1,831,700
Number of borrowers.....	613	613	613

JUSTIFICATION OF INCREASES AND DECREASES

- (1) A decrease of \$24,847,000 in direct loans to be made by the Rural Telephone Bank (RTB) (\$199,847,000,000 available in 1994).

Need for Change. The loan level for RTB loans is reduced by \$24,847,000 and returns to the loan level in effect for the past several years. RTB borrowers have the financial capability to pay Treasury interest rates and increased interest paid by the borrowers will enable the government to reduce subsidy costs.

Nature of Change. This program level, along with direct and FFB programs, will provide funds for telephone borrowers.

- (2) A decrease of \$3,083,000 in loan subsidies (\$3,118,000 available in 1994).

Need for Change. Based on Treasury interest rates, the subsidy must be recalculated to support the proposed loan program.

Nature of Change. RTB borrowers have the financial capability to pay Treasury interest rates and increased interest paid by the borrowers will enable the government to reduce subsidy costs.

- (3) An increase of \$24,000 for administrative expenses (\$8,794,000 available in 1994). This increase is justified as part of the total REA in Salaries and Expenses.

Number and Amount of Rural Telephone Bank
Loans by State, Fiscal Year 1993

	<u>No.</u>	<u>Amount</u>
UNITED STATES	38	\$174,999,300
Arkansas	2	2,783,550
California	2	13,211,100
Colorado	1	9,545,550
Indiana	2	10,377,150
Iowa	2	4,246,200
Kansas	1	3,207,750
Kentucky	1	7,717,500
Louisiana	1	5,828,550
Michigan	1	8,353,800
Minnesota	1	7,579,950
Mississippi	1	1,656,900
New Mexico	1	3,394,650
New York	2	3,531,150
North Carolina	1	4,756,500
Ohio	1	2,285,850
Oklahoma	6	42,219,450
Pennsylvania	3	16,144,800
South Carolina	1	3,157,350
Texas	1	2,256,450
Washington	2	5,993,400
Wisconsin	5	16,751,700

RURAL TELEPHONE BANK

STATUS OF PROGRAM

The Rural Telephone Bank was established May 7, 1971, when Public Law 92-12 was enacted, amending the Rural Electrification Act of 1936, as amended. The Bank supplements the REA telephone loan program in providing rural telephone systems with capital for furnishing and improving telephone service in rural areas.

Lending Activity - During fiscal year 1993, the Rural Telephone Bank approved 38 loans, totaling \$174,999,300. From the Bank's inception in May 1971, loans have been approved totaling 3,037,512,992. As of September 30, 1993, there were 544 active RTB borrowers.

Sale of Stock - No additional Class A stock was purchased by the Government during fiscal year 1993. The cumulative total of Class A stock purchases to date is \$592.1 million. Bank borrowers purchased \$4,326,459 in Class B stock during fiscal year 1993, bringing the net cumulative total through September 30, 1993, to \$489,695,030. Class C stock cumulative through September 30, 1992, amounted to \$30,548,000.

Interest and Reserve for Interest Rate Fluctuations - Patronage capital on October 1, 1992, totaled \$53,567,885. In accordance with Resolution 86-4, amending Section 8.2 of the Bylaws, all amounts in the Liquidating Fund Reserve for Interest Rate Fluctuations in excess of \$10 million were distributed in the form of Class B Stock. During fiscal year 1993, interest income totaled \$142,404,454, of which \$126,468,244 was from loans; \$15,924,972 was from cash on deposit with the U.S. Treasury, and \$11,238 was from investments. Expenses incurred amounted to \$79,419,493 for interest on funds borrowed from the U.S. Treasury and \$4,579 in allowance for loan losses. After deducting these costs from total income, the net income amounted to \$62,979,419. In addition, expenses for directors' fees and travel amounted to \$29,004.

Management of the Rural Telephone Bank - The management of the Bank is vested in a board of directors consisting of 13 members. The Omnibus Budget Reconciliation Act of 1990 established a change in the board membership. Of the 13 members, the Administration can appoint two from the private sector and five from general officers of USDA, excluding REA. Six board members are elected by Bank borrowers.

General Administration - The Rural Telephone Bank's enabling legislation authorizes it to partially or jointly use the facilities and services of REA, or any other agency of the Department of Agriculture without cost.

The Bank's operations are conducted by REA employees who perform similar responsibilities under REA's rural telephone program. REA and the Department's Office of General Counsel provide administrative support to the Bank without reimbursement.

Borrower Interest Rate - The Omnibus Budget Reconciliation Act (OBRA) of 1987 established a new method for setting interest rates for advances under loan commitments made on or after October 1, 1987. For each advance made during the fiscal year, the average yield on the date of advance on outstanding marketable obligations of the United States, having a final maturity comparable to the final maturity of the advance, will apply from the date of advance to the end of that fiscal year. After the fiscal year in which the advance is made, the Bank's cost of money is determined for that fiscal year and becomes the interest rate applied to the advance until it is repaid. By statutory provision, the interest rate on Rural Telephone Bank loans cannot be less than 5 percent.

The Federal Credit Reform Act of 1990 implemented a system to reform the budgetary accounting and management of Federal credit programs. Bank loans approved on or after October 1, 1991, are accounted for in a different manner than Bank loans

approved prior to fiscal year 1992. As a result, the Bank must calculate two cost of money rates: (1) the cost of money rate for advances made from the liquidating account (advances made during fiscal year 1993 on loans approved prior to fiscal year 1992) and (2) the cost of money rate for advances made during fiscal year 1993 on loans approved on or after October 1, 1991, (otherwise referred to as loans from the financing account).

The long term interest rate on advances made during fiscal year 1993 under Bank loans approved prior to fiscal year 1992 is 6.05 percent (the liquidating account rate). The long term interest rate on advances made during fiscal year 1993 for Bank loans approved in fiscal years 1992 and 1993 is 6.35 percent (the financing account rate).

The composite interest rate on Rural Telephone Bank loans outstanding for the year ending September 30, 1993, was 7.27 percent.

**DEPARTMENT OF AGRICULTURE
RURAL ELECTRIFICATION ADMINISTRATION**

Rural Economic Development Grants

Grant Level:

1994 Estimate	\$29,607,000
1995 Estimate	9,600,000
Change	<u><u>- 20,007,000</u></u>

SUMMARY OF INCREASES AND DECREASES

(On basis of available funds)

<u>Item of Change</u>	<u>1994 Estimated</u>	<u>Change</u>	<u>1995 Estimated</u>
Rural Economic Development Grants	<u>\$29,607,000</u>	<u>- \$20,007,000</u>	<u>\$9,600,000</u>

PROJECT STATEMENT

(On basis of available funds)

Project	1993 Actual	1994 Estimated	Increase or Decrease	1995 Estimated
Rural Economic Development Grants 1/	- -	\$29,607,000	- \$20,007,000	\$9,600,000

1/ Amounts represent earnings generated by the interest differential on voluntary cushion of credit payments made by REA borrowers.

Note: Under the Secretary's proposed reorganization plan, this account will be part of the Rural Business and Cooperative Development Service.

EXPLANATION OF PROGRAM

This program provides funds for grants authorized under section 313 of the Rural Electrification Act of 1936, as amended, for the purpose of promoting rural economic development and job creation projects including funding for project feasibility studies costs, start-up costs, incubator projects, and other expenses for the purpose of fostering rural development.

JUSTIFICATION OF INCREASES AND DECREASES

A decrease of \$20,007,000 for Rural Economic Development Grants - - FY 1995 reflects anticipated cushion of credit earnings for the current year. FY 1994 includes \$20,007,000 in earnings available from prior years in addition to estimated earnings of \$9,600,000 in FY 1994.

RURAL ECONOMIC DEVELOPMENT PROGRAM

STATUS OF PROGRAM

REA strongly encourages rural electric and telephone systems to play a major role in improving the economy of rural areas through voluntary support of economic development projects. Rural utility systems are in a unique position of leadership to provide the initiative, as well as financial and technical assistance, for rural development projects.

Rural Economic Development Loan and Grant Program

All REA borrowers are eligible for funds under this program provided they are current on all Federal debt and not in bankruptcy proceedings. The program provides funds to borrowers for the purpose of promoting rural economic development and job creation projects.

Zero-Interest Loan Activity for Fiscal Year 1993 - During fiscal year 1993, REA made 65 zero-interest loans totaling \$12,389,000 to borrowers in 22 states. The loans ranged in size from \$36,000 up to a maximum of \$400,000 with an overall average of \$190,600. REA selects rural development projects based on job creation, supplemental funds provided from other sources, unemployment and income levels, and other factors. All of the projects REA selected in fiscal year 1993 were leveraged with supplemental funds from other sources, including private financial institutions, local and state governments, regional development organizations, other Federal agencies, REA borrowers, and owner's equity. The 65 loans made in fiscal year 1993 went primarily to assist in financing projects categorized as business expansion, community economic development, business start-up, industrial parks, and water/sewer.

Examples of Selected Projects in Fiscal Year 1993 - Examples of projects selected under this program for electric borrowers are a \$200,000 loan to Marshall County Rural Electric Cooperative, Marshalltown, Iowa, to assist a start-up business; a \$400,000 loan to Adams Electric Cooperative, Inc., Gettysburg, Pennsylvania, to purchase equipment for a plastic injection molding company; a \$100,000 loan to Caney Fork Electric Cooperative Inc., McMinnville, Tennessee, to expand a manufacturing facility; a \$50,000 loan to McCone Electric Cooperative Inc., Circle, Montana, to construct a nursing home and medical assistance facility; a \$50,000 loan to KEM Electric Cooperative, Inc., Linton, North Dakota, to expand a steel and manufacturing company into a new tillage line of equipment; a \$100,000 loan to Tri-County Electric Cooperative, Inc., Mount Vernon, Illinois, to purchase trucks as part of expansion and construction of a new truck terminal facility; a \$364,300 loan to Craighead Electric Cooperative Corporation, Jonesboro, Arkansas, to construct building and purchase equipment for a lighting company; a \$400,000 loan to Coast Electric Power Association, Bay Saint Louis, Mississippi, to construct a water treatment facility at an industrial park; a \$300,000 loan to Roosevelt County Electric Cooperative, Inc., Portales, New Mexico, to construct a waste water system for a new milk processing plant; and a \$400,000 loan to South Central Indiana Rural Electric Membership Corporation, Martinsville, Indiana, to purchase equipment for a plastic injection molding company.

Examples of projects selected for telephone borrowers are a \$400,000 loan to Brantley Telephone Company, Inc., Nahunta, Georgia, to construct a nursing home; a \$140,000 loan to River Valley Telephone Cooperative, Graettinger, Iowa, to expand a energy panels manufacturing facility; a \$100,000 loan to Clara City Telephone Exchange Company, Clara City, Minnesota, to expand a manufacturing facility; a \$50,000 loan to Mid-Rivers Telephone Cooperative, Inc., Circle, Montana, to construct a nursing home and medical assistance facility; a \$250,000 loan to Arapahoe Telephone Company, Arapahoe, Nebraska, to assist in establishing a business incubator in a vacated school building; and a \$400,000 loan to Baldwin Telecom, Inc., Baldwin, Wisconsin, to construct an addition to and remodel part of a hospital.

Rural Economic Development Grants - REA issued a proposed rule on October 12, 1993, to implement changes in its regulations covering grant requirements under this program. The 30-day comment period has closed. The Agency received 25 comments that will be considered. REA expects to make its first rural economic development grants in fiscal year 1994 prior to publishing a final rule.

Distance Learning and Medical Link Grant Program

REA issued a final rule for this program on February 26, 1993. During the application period for fiscal year 1993, REA received 180 applications totaling approximately \$57 million. Eligible applicants for grant funds include educational institutions, hospitals, and consortiums comprised of these types of rural community facilities. REA selected 28 applications totaling \$10 million on November 5, 1993. There were 19 educational and 9 medical projects selected from 26 states. These grants were made with funds provided in fiscal year 1992 and 1993 that remained available until expended. New grant appropriation for fiscal year 1994 is \$10 million and will be utilized this fiscal year.

Deferments of REA Loan Payments for Rural Development Projects

The Rural Economic Development Act of 1990, Title XXIII of the Farm Bill, authorized the deferment of principal and interest on REA insured and direct loans to encourage investment in rural development activities. A total of approximately \$63 million could be deferred in fiscal year 1994. The deferred payments must be repaid over 5 or 10 years depending upon the type of rural development investment.

REA issued a final rule to implement this program on April 23, 1993. Two borrowers have applied recently for a deferment under this program. REA is in the process of reviewing these applications.

Rural Economic Development Loans

The cumulative figures presented in the following table show loan activity by program:

<u>Fiscal Year</u>	<u>Electric</u>		<u>Telephone</u>		<u>Total</u>	
	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>
1989	20	\$1,555,000	4	303,000	24	1,558,000
1990	73	6,283,000	28	2,263,000	106	8,546,000
1991	139	12,413,500	59	4,776,100	198	17,189,600
1992	186	16,621,000	95	7,565,600	281	24,186,600
1993	261	29,386,000	118	10,320,600	379	39,706,600

REA borrowers in 39 states have had applications selected.

RURAL ELECTRIFICATION ADMINISTRATION

The estimates include appropriation language for this item as follows (new language underscored, deleted matter enclosed in brackets):

Distance Learning and Medical Link Grants:

For necessary expenses to carry into effect the programs authorized in sections 2331-2335 of Public Law 101-624, [\$10,000,000] \$5,000,000 to remain available until expended.

DEPARTMENT OF AGRICULTURE
RURAL ELECTRIFICATION ADMINISTRATION

Distance Learning and Medical Link Grants

Appropriations Act, 1994	\$10,000,000
Budget Estimate, 1995.....	5,000,000
Decrease in Appropriation	- 5,000,000

SUMMARY OF INCREASES AND DECREASES

(On basis of appropriated funds)

<u>Item of Change:</u>	<u>1994 Appropriated</u>	<u>Change</u>	<u>1995 Estimated</u>
Distance Learning & Medical Link Grants	\$10,000,000	- 5,000,000	\$5,000,000

PROJECT STATEMENT

(On basis of obligations under available funds)

<u>Project</u>	<u>1993 Actual</u>	<u>1994 Appropriated</u>	<u>Increase or Decrease</u>	<u>1995 Estimated</u>
Distance Learning & Medical Link Grants	- -	\$20,000,000	-\$15,000,000	\$5,000,000
Unobligated balance, SOY	-5,000,000	-10,000,000	10,000,000	0
Unobligated balance, EOY	10,000,000	- -	- -	- -
Total, appropriation.....	5,000,000	10,000,000	-5,000,000 (1)	5,000,000

Note: Under the Secretary's proposed reorganization plan, this account will be part of the Rural Utilities Service.

EXPLANATION OF PROGRAM

This grant program provides access to advanced telecommunications services and computer networks to improve rural opportunities. Program guidelines will allow priority for projects which include jointly shared facilities.

JUSTIFICATION OF INCREASES AND DECREASES

- (1) A decrease of \$5,000,000 for Distance Learning and Medical Link Grants. (\$10,000,000 available in FY 1994.)

Need for Change. In order to reduce the cost of REA programs, the grant level has been decreased.

Nature of Change. The amount of grants available for Distance Learning and Medical Link Grants will be reduced by \$5,000,000 from the FY 1994 Appropriated level.

RURAL COMMUNICATION DEVELOPMENT FUND

STATUS OF PROGRAM

The Rural Communication Development Fund was established pursuant to Secretary's Memorandum No. 1988 approved May 22, 1979. This action transferred certain financing authorities under the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) from the Farmers Home Administration to the Rural Electrification Administration for the purpose of financing and administering community antenna television (CATV) services to facilities in rural areas.

Lending Activity - Through 1993 cumulative insured or direct loans of \$24.9 million and \$10.1 million in guarantee commitments were approved. Principal outstanding on insured loans is \$12.2 million.

Program - No new loans have been made since fiscal year 1981. REA continues to administer the existing program. All direct loan funds have been advanced with the exception of \$6,022. The total number of active CATV borrowers is 11.

RURAL ELECTRIFICATION ADMINISTRATION

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

SALARIES AND EXPENSES

- For administrative expenses to carry out the provisions of the Rural Electrification Act of 1936, as amended (7 U.S.C. 901- 950(b)), and to administer the loan and loan guarantee programs for Community Antenna Television facilities as authorized by the Consolidated Farm and Rural Development Act (7 U.S.C. 1921-1995), and for which commitments were
- 1 made prior to fiscal year [1994] 1995, including not to exceed \$7,000 for financial and credit reports, funds for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$103,000 for employment under 5 U.S.C. 3109, [~~\$38,776,000~~] \$38,339,000; of which [~~\$29,982,000~~] \$29,521,000 shall be derived by transfer from the Rural Electrification and Telephone Loans Program Account in this Act and [~~\$8,794,000~~] \$8,818,000 shall be derived by transfer from the Rural Telephone Bank Program Account in this Act:
 - 2 [Provided, That none of the funds in this Act may be used to authorize the transfer of additional funds to this account from the Rural Telephone Bank: Provided further, That none of the salaries and expenses provided to the Rural Electrification Administration, and none of the responsibilities assigned by law to the Administrator of the Rural Electrification Administration may be reassigned or transferred to any other agency or office].

The first change updates the fiscal year designation.

The second change eliminates additional restrictive language that prohibits the Rural Telephone Bank from transferring additional funds to this account.

RURAL ELECTRIFICATION ADMINISTRATION

Salaries and Expenses

Appropriations Act, 1994:	
Salaries & Expenses, Reimbursement from Program Accounts ...	\$38,776,000
Budget Estimate, 1995	38,339,000
Decrease in Appropriation	- 437,000

SUMMARY OF INCREASES AND DECREASES

(On basis of available funds)

Item of Change	1994 Appropriated		Pay Cost		Staff Year Reduction		Other Changes		1995 Estimated
Salaries and Expenses	\$38,776,000	+	\$321,000	-	\$550,000	-	\$208,000		\$38,339,000

PROJECT STATEMENT

(On basis of available funds)

Project	1993 Actual		1994 Appropriated		Increase or Decrease	FY 1995 Estimated	
	Amount	Staff Years	Amount	Staff Years		Amount	Staff Years
Reimbursement from Program Accounts:							
RETL	\$29,163,000	--	\$29,982,000	--	-\$461,000	\$29,521,000	--
RTB	8,632,000	--	8,794,000	--	24,000	8,818,000	--
Total Transferred ...	37,795,000	--	38,776,000	--	-437,000	38,339,000	--
Direct Appropriation	243,000	--	--	--	--	--	--
Total Funds Available	38,038,000	--	38,776,000	--	-437,000 (1)	38,339,000	--
Salaries & Expenses	35,600,901	519	38,776,000	517	-437,000	38,339,000	509
Office of Admin.	195,966	3	--	--	--	--	--
Total, Obligations ..	35,796,867	522	38,776,000	517	-437,000	38,339,000	509
Unobligated balance, Lapsing	2,241,133	--	--	--	--	--	--
Total Funds Available	38,038,000	522	38,776,000	517	-437,000 (1)	38,339,000	509

Note: Under the Secretary's proposed reorganization plan, this account will be part of Rural Utilities Service.

EXPLANATION OF PROGRAM

The "Salaries and Expenses" Account of the Rural Electrification Administration funds the activities authorized by the Rural Electrification Act, as amended. The Salaries and Expenses account is funded by transfers from the Rural Electrification and Telephone Loans program account and the Rural Telephone Bank program account where administrative expense funds are appropriated, as required by the Federal Credit Reform Act of 1990. REA is also authorized by section 313 to make zero-interest loans and grants to REA borrowers for the purpose of promoting rural economic development and job creation projects. The Distance Learning and Medical Link Program provides grants to rural community facilities, such as schools, hospitals, and medical centers. These grants will allow access to advanced telecommunication services and computer networks which will provide educational and medical benefits to people living in rural areas. In addition to administering the programs and assuring the feasibility and adequate security and collections on loans, the REA staff furnishes management and technical assistance to borrowers for the purpose of protecting the Government's loan security, to assure that construction and operation of borrowers' systems conform to approved standards, and that the electric and telephone systems continue providing reliable service on an area coverage basis.

Applications, Loans, and Requisitions for Advances
(Dollars in thousands)

	<u>Actual</u>		<u>Estimated</u>		<u>Estimated</u>	
	<u>Fiscal Year 1993</u>		<u>Fiscal Year 1994</u>		<u>Fiscal Year 1995</u>	
	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>
<u>Electric Program</u>						
Direct loans approved.	256	\$913,355	230	\$821,465	203	\$725,000
Direct loans, FFB.....	16	773,849 ^{a/}	6	300,000	6	275,000
Advances processed						
(Insure Loans).....	476	387,769	1,070	871,740	933	760,040
<u>Telephone Program</u>						
Direct loans approved..	43	311,025	48	347,326	33	236,287
RTB loans approved.....	38	174,999	43	199,847	38	175,000
Direct loans, FFB.....	11	78,517 ^{b/}	17	120,000	17	118,143
Advances processed -						
REA borrowers.....	369	205,774	468	261,088	478	266,818
RTB borrowers.....	137	108,445	185	146,066	201	158,748

^{a/} Includes 13 repriced guaranteed loans of \$660,504,782.

^{b/} Includes 4 repriced guaranteed loans of \$11,456,988.

JUSTIFICATION OF INCREASES AND DECREASES

(1) A net decrease of \$437,000 for Salaries and Expenses consisting of:

(a) An increase of \$321,000 in salaries and benefits to fund the 1995 pay act estimated at 1.6%

(b) A decrease of \$550,000 for a reduction in Federal employment costs.

Need for Change. In support of the Secretary's streamlining efforts and the President's Executive Order mandating a reduction in Federal employment, REA is reducing employment from the FY 1994 appropriated level by two percent.

Nature of Change. To achieve the reduction, REA will streamline its operations.

(c) A decrease of \$208,000 for administrative efficiency.

Need for Change. In support of the Secretary's streamlining efforts and the President's Executive Order to reduce overhead-type expenses, the FY 1995 budget authority is reduced by \$208,000.

Nature of Change. In order to achieve these savings, REA will reduce discretionary expenses in areas such as printing, contractual services, supplies and equipment.

ALTERNATIVE AGRICULTURAL RESEARCH AND COMMERCIALIZATION

Purpose Statement

The Alternative Agricultural Research and Commercialization Act of 1990 (7 U.S.C. 5901 et seq.) authorized the provision of assistance on a competitive basis to foster the development and commercialization of new nonfood, nonfeed products derived from agricultural and forestry commodities. Development of nontraditional uses for farm, ranch and forestry products provides an opportunity to improve U.S. competitiveness in foreign markets, create development and employment opportunities in rural areas, address environmental concerns and lower farm program costs. Programs are managed by the Alternative Agricultural Research and Commercialization Center which was established by the Secretary of Agriculture on March 18, 1992. Program policy and oversight is provided by a Board which is composed of Federal and private sector scientists, producers, and business experts. As of September 30, 1993, there were four full-time employees in the national office.

ALTERNATIVE AGRICULTURAL RESEARCH AND COMMERCIALIZATION (AARC)
Available Funds and Staff-Years

1993 Actual and Estimated, 1994 and 1995

Item	1993		1994		1995	
	Actual		Estimated		Estimated	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
AARC.....	\$7,250,000	3	\$9,000,000	11	\$9,000,000	11
Obligations under other USDA appropriations:						
Anticipated reimbursements	-----		\$200,000		\$200,000	
Appropriations.....	\$7,250,000	3	\$9,200,000	11	\$9,200,000	11
Total, AARC	\$7,250,000	3	\$9,200,000	11	\$9,200,000	11

ALTERNATIVE AGRICULTURAL RESEARCH AND COMMERCIALIZATION
Permanent Positions by Grade and Staff-Year Summary

1993 and Estimated 1994 and 1995

Grade	1993			1994			1995		
	Hdqtrs:	Field:	Total:	Hdqtrs:	Field:	Total:	Hdqtrs:	Field:	Total:
Executive Level IV	1	-	1	1	-	1	1	-	1
GS/GM-15	1	-	1	1	1	2	1	1	2
GS/GM-14	-	-	-	2	1	3	1	2	3
GS/GM-13	2	-	2	2	-	2	-	2	2
GS-11	1	-	1	1	-	1	1	-	1
GS-9	1	-	1	1	-	1	1	-	1
GS-6	1	-	1	1	-	1	1	-	1
Total Permanent Positions	7	-	7	9	2	11	6	5	11
Unfilled Positions end-of-year	3	-	3	3	-	3	-	3	3
Total, Permanent Employment, end-of-year	4	-	4	6	2	8	6	2	8
Staff-Years:									
Ceiling	3	-	3	9	2	11	6	5	11

ALTERNATIVE AGRICULTURAL RESEARCH AND COMMERCIALIZATION

CLASSIFICATION BY OBJECTS

1993 and estimated 1994 and 1995

	<u>1993</u>	<u>1994</u>	<u>1995</u>
Personnel Compensation:			
Headquarters	\$316,207	\$320,000	\$351,000
Field	-	\$148,000	\$150,000
11 Total Personnel	-----	-----	-----
Compensation	\$316,207	\$468,000	\$501,000
12 Personal Benefits	\$48,000	\$94,000	\$87,000
13 Benefits for former personnel	---	---	---
Total Pers. Comp. & Benefits.	-----	-----	-----
	\$364,207	\$562,000	\$588,000
Other Objects:			
21 Travel	\$93,455	\$191,000	\$190,000
22 Transportation of things...	\$3,005	\$2,000	\$7,000
23.3 Communications, utilities & miscellaneous charges	\$7,196	\$15,000	\$16,000
24 Printing and reproduction.....	\$2,904	\$12,000	\$13,000
25.1 Consulting	\$35,603	\$15,000	\$15,000
25.2 Other services	\$271,615	\$713,538	\$390,000
26 Supplies and materials	\$8,603	\$4,000	\$6,000
31 Equipment	\$23,242	\$15,000	\$25,000
41 Grants, subsidies and contributions.....	\$8,962,690	\$9,101,248	\$7,750,000
Total other objects.....	-----	-----	-----
	\$9,408,313	\$10,068,786	\$8,412,000
Total direct obligations	=====	=====	=====
	\$9,772,520	\$10,630,786	\$9,000,000

Position Data:

Average Salary, GM/GS positons	\$63,500	\$42,090	\$44,636
Average Grade, GM/GS positions	13.20	10.40	10.50

Note: Of the amount shown in personnel costs and benefits, \$62,000 was paid to Board members who are not FTE's.

ALTERNATIVE AGRICULTURAL RESEARCH AND COMMERCIALIZATION

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

ALTERNATIVE AGRICULTURAL RESEARCH AND COMMERCIALIZATION

- 1 For necessary expenses to carry out the Alternative Agricultural Research and Commercialization Act of 1990 (7 U.S.C. 5901-5908) \$9,000,000 is appropriated to the Alternative Agricultural Research and Commercialization Revolving Fund, of which \$1,800,000 shall be available for assistance to empowerment zones, as authorized by Title XIII of the Omnibus Budget Reconciliation Act of 1993.

1. The change is made pursuant to authorization in Title XIII of the Omnibus Budget Reconciliation Act of 1993.

ALTERNATIVE AGRICULTURAL RESEARCH AND COMMERCIALIZATION

Appropriation Act, 1994	\$9,000,000
Budget Request, 1995	<u>9,000,000</u>
Change in Appropriations	- -
	=====

SUMMARY OF INCREASES AND DECREASES

<u>Item of Change</u>	<u>1994 Estimated</u>	<u>Program Change</u>	<u>1995 Estimated</u>
Alternative Agricultural Research & Commercialization	\$9,000,000	---	\$9,000,000

PROJECT STATEMENT (On basis of available Funds)

<u>Item</u>	<u>: 1993 Actual</u> <u>: Amount</u>	<u>: Staff:</u> <u>: Years:</u>	<u>: 1994 Estimated</u> <u>: Amount:</u>	<u>: Staff:</u> <u>: Years:</u>	<u>: Increase</u> <u>: or</u> <u>: Decrease</u>	<u>: 1995 Estimated</u> <u>: Amount:</u>	<u>: Staff</u> <u>: Years</u>
1. Alternative	:	:	:	:	:	:	:
Agricultural	:	:	:	:	:	:	:
Research and	:	:	:	:	:	:	:
Commercialization	\$9,772,520:	3	\$10,055,790:	11	- -	\$9,575,000:	11
Total Obligations	9,772,520:	3	10,055,790:	11	:	9,575,000:	11
Unobligated Balances	:	:	:	:	:	:	:
Available:	:	:	:	:	:	:	:
Start of year	-4,153,310:		-1,630,790	- -	:	-575,000:	
End of year	+1,630,790:	- -	+575,000	- -	:	- -	:
Total available or	:	:	:	:	:	:	:
estimate	7,250,000:	3	9,000,000	11	- -	9,000,000:	11
	=====						

EXPLANATION OF PROGRAM

Funds were appropriated for the Alternative Agricultural Research and Commercialization (AARC) program into the AARC Revolving Fund. The Revolving Fund will also contain fees and royalties, donations and other funds received by AARC. Funds support the development and commercialization of new industrial and consumer products and uses for agricultural and forestry materials, with preference for projects that benefit rural communities and are environmentally friendly. Development and commercialization of new commodities will: result in new products for consumers and new markets for farmers; enhance the marketability and economic viability of industrial products in global markets; bridge development and marketing efforts among manufacturers, private and government laboratories, universities, and financiers; facilitate and broker the exchange of information about projects that use agricultural and forestry materials in industrial products; and impact economic development in rural areas and create new jobs. Pre-proposals have been solicited that focus on product/processes from the following material categories: Starches/Carbohydrates, Fats and Oils, Fibers, Forest Materials, Animal Products, and Other Plant Materials used as pharmaceuticals, fine chemicals, encapsulation agents and rubber.

Support may be provided through competitively awarded grants, contracts and cooperative agreements. Ultimate commercial interest in projects is assured through private sector representation on the AARC Board and project selection criteria that require the matching of funds and incorporate the sharing of resources and risks (cash and expertise). AARC programs complement research on new uses conducted by the Agricultural Research Service and Forest Service at Federal labs and grant programs managed by the Cooperative State Research Service and Small Business Innovative Research Program.

As part of the Secretary's reorganization, the AARC Center will report to the Under Secretary for Small Community and Rural Development (SC&RD). The AARC Center will interface with the Rural Business & Development Service in SC&RD to plan and coordinate similar business development functions and to continually exchange information on program activities.

ALTERNATIVE AGRICULTURAL RESEARCH AND COMMERCIALIZATION

STATUS OF PROGRAM

CURRENT ACTIVITIES

FY 1993 Funding

The Alternative Agricultural Research and Commercialization (AARC) Center received \$ 7.25 million in appropriations for FY93 for inclusion in its revolving fund. In combination with the FY92 monies in the fund, the AARC Center had a total of \$11,403,310 for operations during FY93. Under the enabling legislation for the AARC Center (P.L. 101-624, Title XVI, Subtitle G), 85 percent of the budget was earmarked for funding projects.

Twenty-three Projects Selected

Pre-proposals for projects were received by October 30, 1992 for consideration for funding during the fiscal year. All told, 407 pre-proposals were submitted. Following evaluation by three outside reviewers for each pre-proposal, and review by the AARC Center Board of Directors, 48 applicants were invited to submit full proposals. Staff and Board members conducted site visits and further review narrowed the field to 23 projects. Negotiations with each of the 23 applicants resulted in repayable cooperative agreements being signed for a total of \$9,005,078. These agreements are for the first projects to be funded under the AARC program.

The projects represent a diverse group of businesses working to commercialize a variety of agricultural and forestry based products. Six of the projects deal with alternative fuels derived from either animal byproducts or biomass. Some are novel uses for established commodities. For example, one company is making an ethanol-based windshield washer from corn, while another is making a building material for interior decorative work made from soybeans and recycled newspaper. Other projects are pioneering the use of new plant varieties. Lesquerella--a desert shrub--is being developed for use in the manufacture of lubricants and cosmetics. Kenaf--an ancient fiber crop--is being used in the manufacture of mats filled with grass seed to establish lawns. It is also being used to make theater sets and tradeshow exhibit booths, as well as for newsprint.

Board Meetings

The Board of Directors met four times during FY93. On December 14-15, 1992 they met in Chicago to select pre-proposals for expansion to full proposals. On March 2-3, 1993 they met in San Diego to select projects for funding from the 48 full proposals that were submitted. On May 18-19, 1993 they met in Washington, D.C. to finalize the terms of the cooperative agreements offered to the 23 final projects. In addition, they selected the sites for the two Regional Centers and discussed the procedures for the next request for proposals. On September 13-14, 1993 they met in Minneapolis to discuss a major education effort to disseminate information about the AARC program.

Regional Centers

On December 23, 1992 an announcement was placed in the Federal Register for institutions to host an AARC Regional Center. Fourteen applications were received. Under the enabling legislation, the Board of Directors was authorized to establish two Regional Centers during the fiscal year. Following a review of the applicants, Regional Centers were announced for the Upper Great Plains--affiliated with the Agricultural Utilization Research Institute of Crookston, MN--and for the Lower Great Plains--presently affiliated with the Kansas State Department of Agriculture. The Regional Centers will become fully operational during FY94.

AARC Center Publicity

AARC Center staff and Board members made presentations at various professional meetings to describe the AARC program. During the year they participated in five international meetings and a total of 40 national-level meetings.

Current Request for Proposals

On June 8, 1993 a new RFP was published in the Federal Register, soliciting proposals for funding with FY94 appropriations.

HUMAN NUTRITION INFORMATION SERVICE

PURPOSE STATEMENT

The Human Nutrition Information Service (HNIS) was established by the Secretary on October 1, 1981. The functions of this agency were formerly carried out within the Agricultural Research Service.

The Department of Agriculture promotes the health and well-being of Americans through improved nutrition. The Human Nutrition Information Service contributes to this mission through the conduct of national food consumption surveys, food composition research, and nutrition education programs. The Agency plays a primary role in the National Nutrition Monitoring and Related Research Program and in the development and promotion of the Dietary Guidelines for Americans.

HNIS serves the American public by conducting applied research in food and nutrition--what foods we consume and what nutrients are in those foods and how to make informed food choices.

The research and information produced by HNIS provides scientists, educators, policymakers, regulators, and health care professionals with the information needed to formulate strategies for:

- food assistance and nutrition intervention programs;
- national nutrition monitoring;
- food safety;
- development of nutrition information and education programs;
- research in nutrition and health; and
- food formulation, production, and marketing.

The Agency is located at Hyattsville, Maryland. As of September 30, 1993, there were 101 full-time permanent and 14 part-time permanent employees. A portion of the Agency's work is done via competitive contracts. These contracts are used for work that requires extensive human resources located throughout the country such as providing interviewers for nationwide surveys, or that requires specific technical expertise and equipment such as laboratory analyses of the nutrient composition of specific foods. Much of this work requires specialized technical skills that would be impractical for the agency to retain among its employees on a year-round basis.

HUMAN NUTRITION INFORMATION SERVICE

Available Funds and Staff-Years

1993 Actual and Estimated, 1994 and 1995

Item	1993 Actual	Staff- Years	1994 Estimated	Staff- Years	1995 Estimated	Staff- Years
Salaries and Expenses	\$8,538,000	109	\$11,068,000	103	\$18,403,000	100
Obligations under						
other USDA						
appropriations:						
Agricultural						
Marketing Service			56,091			
Food and Nutrition						
Service	108,000		715,390			
Nutrition Monitoring						
Advisory Council	19,900				---	
Total, Other USDA						
Appropriations	127,900		771,481		---	
Total, Agriculture						
Appropriations	8,524,256		11,839,481		18,403,000	
Other Federal Funds:						
Department of Health						
and Human Services	397,500		75,000		75,000	
Food and Drug						
Administration	30,000					
Total, Other Federal						
Funds	427,500		75,000		75,000	
Total, Human Nutrition						
Information Service	9,093,400	109	\$11,914,481	103	18,478,000	

HUMAN NUTRITION INFORMATION SERVICE

Permanent Positions by Grade and Staff-Year Summary

1993 and Estimated 1994 and 1995

Grade	1993 Headquarters	1994 Headquarters	1995 Headquarters
SES 1	1	1	1
SES 2	1	1	1
GS/GM-15	3	2	2
GS/GM-14	7	7	7
GS/GM-13	25	25	20
GS-12	19	19	19
GS-11	26	27	27
GS-10	1	1	1
GS-9	12	12	12
GS-7	8	8	8
GS-6	2	2	2
GS-5	9	9	9
GS-4	1	1	1
GS-3	0	0	0
Total Permanent Positions.....	115	115	110
Unfilled Positions end-of year.....	-13	-12	-10
Total, Permanent Employment, end-of-year.....	102	103	100
Staff-Year Ceiling	109	103	100 ;

HUMAN NUTRITION INFORMATION SERVICE

CLASSIFICATION BY OBJECTS

1993 and Estimated 1994 and 1995

	1993	1994	1995
	----	----	----
Personnel Compensation:			
Headquarters:			
11 Total personnel compensation.....	\$ 4,555,474	\$ 4,210,000	\$ 4,308,000
12 Personnel benefits.....	899,954	981,000	1,063,000
13 Benefits for former personnel.....	---	---	---
	-----	-----	-----
- Total pers. comp. & benefits	5,455,428	5,191,000	5,371,000
Other Objects:			
21 Travel.....	56,374	40,000	45,000
22 Transportation of things.....	4,996	9,000	10,000
23.2 Rental payments to others.....	---	---	---
23.3 Communications, utilities, and misc. charges.....	192,139	80,000	100,000
24 Printing and reproduction.....	122,671	170,000	110,000
25.1 Consulting services	1,854,621	4,700,000	11,960,000
25.5 Research and development contracts.....	447,192	723,000	652,000
26 Supplies and materials..	152,176	75,000	75,000
31 Equipment.....	111,756	80,000	80,000
	-----	-----	-----
Total other objects.....	2,941,925	5,877,000	13,032,000
	-----	-----	-----
Total direct obligations.....	8,397,353	11,068,000	18,403,000
	-----	-----	-----
Position Data:			

Average Salary, ES positions.....	\$92,900	\$96,830	\$96,830
Average Salary, GM/GS positions..	\$40,194	\$39,766	\$40,561
Average Grade, GM/GS positions...	10.62	10.19	10.19

HUMAN NUTRITION INFORMATION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Salaries and Expenses:

For necessary expenses to enable the Nutrition Research and Education Service to perform applied research and demonstrations relating to human nutrition and consumer use and economics of food utilization, and nutrition monitoring, \$18,403,000: Provided, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225).

This change would recognize the Nutrition Research and Education Service as a separate agency pursuant to the Secretary's Memorandum 1020-39 dated September 30, 1993.

HUMAN NUTRITION INFORMATION SERVICE

Appropriations Act, 1994.....	\$	0
Budget Estimate, 1995.....		<u>18,403,000</u>
Increase in Appropriation.....		<u>+18,403,000</u>

Adjustments in 1994:

Appropriations Act, 1994.....	\$	0
Activities transferred from Agricultural Research Service a/		<u>+11,068,000</u>
Adjusted base for 1994.....		11,068,000
Budget Estimate, Current Law, 1995.....		<u>18,403,000</u>
Increase over adjusted 1994.....		<u>+7,335,000</u>

a/ Pursuant to Secretary's Memorandum No. 1020-39, on September 30, 1993, the functions of the Human Nutrition Information Service were transferred to this account from the Agricultural Research Service. Actual transfer of funds of \$11,068,000 were made in 1994. The full annual cost of these activities is \$11,068,000 for 1994 and \$18,403,000 for 1995.

SUMMARY OF INCREASES AND DECREASES

(On basis of appropriation)

Item of Change	1994 Estimated	Pay Cost	Other Changes	1995 Estimated
Human Nutrition Information Service	\$11,068,000	+\$62,000	\$7,273,000	\$18,403,000

PROJECT STATEMENT

(On basis of appropriation)

Project	1993 Actual	Staff: Amount	1994 Estimated:	Staff: Amount	Staff: Years	Increase	1995 Estimated	Staff: Amount	Staff: Years
Research, Analysis & Technical Assistance.....	\$8,397,356	109	\$11,068,000	103		+7,335,000	\$18,403,000	100	
Unobligated Balance.....	140,644	---	---	---		---	---	---	
Total, Appropriation..	8,538,000	109	11,068,000	103		+7,335,000	18,403,000	100	

EXPLANATION OF PROGRAM

Overview of Program Development. General authority for nutrition research and education comes from the mission mandated by Congress when the Department was established in 1862. The Organic Act of 1862 called for an institution, the "general design and duties of which shall be to acquire and diffuse among the people of the United States useful information on subjects connected to agriculture and rural development." Nutrition was subsequently specified as one such subject.

Early studies on food and nutrition were begun at the end of the last century by Dr. W.O. Atwater, the first director of USDA's Office of Experiment Stations. These small scale studies were aimed at helping the working class achieve good diets at low cost. The first food consumption survey of national scope was the "Consumer Purchase Study of 1936-37" conducted jointly by USDA and the U.S. Department of Labor. This study indicated that one-third of the nation's families had diets rated poor by nutrition standards. These findings added impetus to efforts to enrich flour and bread with iron and three B vitamins and to initiate school lunch programs and more vigorous nutrition education efforts.

The types of food eaten and the dietary status of the population have been measured subsequently through the decennial Nationwide Food Consumption Surveys (NFCS). The last NFCS was conducted in 1987-88. The results of these studies reflect changes over the years in the distribution and storage (refrigeration) of products, in the availability of convenience foods (mixes and ready-made products), in technology (more commercially frozen foods and new packaging), and in incomes and lifestyles (more working women). Having available up-to-date food consumption data is essential to understanding both the dietary status of the population and the safety of the food supply.

The Research and Marketing Act of 1946 explicitly authorized research into problems of human nutrition and of the nutritive value of agriculture commodities. The role of USDA in conducting research in the fields of human nutrition, food consumption patterns, nutritive value of foods, and nutrition education activities was affirmed in the Food and Agriculture Act of 1977. Title XIV of this Act, "The National Agricultural Research, Extension, and Teaching Policy Act of 1977," established USDA as the lead agency in the Federal Government for research, extension, and teaching in the food and agricultural sciences. Further, it directed that research into food and human nutrition be established as a separate and distinct mission of the Department. With this legislation, Congress supported USDA's traditional emphasis on the nutritional needs of normal, healthy individuals rather than the needs of individuals requiring clinical or therapeutic dietary support, which is the responsibility of the U.S. Department of Health and Human Services. This mission was reaffirmed in the Agriculture and Food Act of 1981 and the Food Security Act of 1985.

The National Nutrition Monitoring and Related Research Act of 1990 directed better coordination of nutrition monitoring government-wide and an expansion of activities in food consumption assessment, food composition research, and dietary guidance in order to strengthen national nutrition monitoring and foster nutrition education.

HNIS has been designated to play a leadership role in providing the policy basis for Federal dietary guidance to the public for several years in conference reports accompanying the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Bills.

HNIS was established on October 1, 1981, by the Secretary's Memorandum No. 1000-1 issued pursuant to Reorganization Plan No. 1 of 1953 (7 U.S.C. 2201). The functions of this agency were formerly carried out in the Agricultural Research Service. Currently HNIS conducts the activities authorized under "Research Analysis and Technical Assistance" in sections 1451-1453 and 1589 of Public Law 99-198 (7 U.S.C. 3173 note and 3178a).

Streamlining the Agency.

Consistent with the President's directive dated September 11, 1993, recommendations of the Vice President's National Performance Review, and the Secretary's reorganization plan, the Human Nutrition Information Service is developing plans to streamline its operations, increase efficiency, and minimize bureaucracy. Specifically,

-- The Human Nutrition Information Service will be restructured to emphasize

nutrition research and education, creating the Nutrition Research and Education Service (NRES).

- NRES will employ a "lead agency" concept, with its larger sister agency, the Food and Consumer Service (FCS), providing management and administrative services for both agencies.
- Personnel requirements will be reduced through reorganization and improvements in efficiency. By the end of FY 1995, NRES will reduce its staffing level from 110 to 100, a 9 percent reduction, and thereafter to 97 in 1996, 95 in 1997, and 93 in both 1998 and 1999.

Agency Objectives. It is USDA policy to "promote optimal human health and well-being through improved nutrition," Departmental Regulation 1020-4. HNIS implements this policy through three activities, including:

1) Nutrition Education.

HNIS will continue its program in nutrition education designed to:

- o Help establish the standards for Healthy Eating through activities such as the review of the Dietary Guidelines for Americans and development and maintenance of the research base for the Food Guide Pyramid.
- o Develop and test materials and education strategies that help consumers improve their diet. This includes conducting research on food selection guidance and food preparation procedures and recipe modification, basic communication and educational research as well as the promotion and evaluation of educational materials and strategies. Current efforts focus on promoting Healthy Eating by promoting the Food Guide Pyramid and developing guidance for adapting the Pyramid for special uses. HNIS's budget for Nutrition Education remains unchanged from FY 1994 at \$0.9 million.

2) Nutrition Monitoring.

- o Through the National Nutrition Monitoring and Related Research Program (NNMRRP), USDA proposes to strengthen nutrition monitoring by increasing efforts to measure the food and nutrition behavior of the general population and specific population subgroups, in order to better understand and target problem areas in food assistance, nutrition education, and food safety.
- o The Continuing Survey of Food Intakes by Individuals (CSFII) 1994-1996 is the third in a series of CSFIIs conducted since 1985. A telephone follow-up survey, the Diet and Health Knowledge Survey (DHKS), in CSFII 1989-91 is conducted concurrently with the CSFII. The surveys' target population consists of noninstitutionalized individuals in the 50 States and Washington, D.C. The number of CSFII respondents is expected to be approximately 16,000 over 3 years. The number of DHKS respondents is expected to be approximately 4,500 over 3 years. About one quarter of the sample will consist of persons from low-income households.
- o CSFII 1994-1996 is designed to obtain 2 independent days of food intake data from designated individuals in the household, in addition to sociodemographic, and diet and health-related questions. Data are used by policy-makers in formulating goals and policies for food and nutrition intervention programs. To improve the ability of these surveys to address the varied needs of Federal users, HNIS also created a Continuing Survey Users Group with representatives from several agencies that are major users of food consumption data.

- o HNIS has requested additional funds in its FY 1995 budget for two proposals supporting the Administration's initiative on pesticides and food safety. These proposals are for the development and implementation of a food intake survey of infants and children in 1996 that will supplement the CSFII 1994-96 and for research to link intake data from the CSFII 1989-91 and the National Health and Nutrition Education Survey (NHANES) III, Phase I. These proposals will provide the Environmental Protection Agency with increased data on infants and children in the short term. HNIS's budget for Nutrition Monitoring is \$16.6 million for FY 1995, an increase of \$7.8 million from FY 1994.

3) Nutrition Research

HNIS will continue its program in nutrition research designed to:

- o Develop USDA food plans including the Thrifty Food Plan which is the basis for Food Stamp allotments and to study the effect of economic factors on food sufficiency and dietary status.
- o Assess how well Americans are following the recommendations for Healthy Eating and assess the factors that influence their dietary status. This is done through assessment of the trends in the nutrient content of the U.S. food supply since the beginning of the century and through analysis of individual intake data from the National Nutrition Monitoring and Related Research Program as well as other sources and includes the development and testing of analytical methods. HNIS's budget for Nutrition Research is \$0.9 million, a decrease of \$0.4 million from FY 1994.

JUSTIFICATION OF INCREASES AND DECREASES

Mission: The Human Nutrition Information Service (HNIS) promotes the nutritional well-being of Americans by developing nutrition policy for the nation, educating American on that policy, monitoring the food consumption of the population and maintaining the Nutrient Data Bank. To accomplish this, HNIS:

- o Develops and promotes Dietary Guidelines for Americans through:
 - Nutrition education curriculum and materials
 - The Food Guide Pyramid
- o Conducts applied research in food and nutrition:
 - What Americans buy and eat
 - Nutrient content of foods
- o Provides leadership in National Nutrition Monitoring and Related Research
- o Disseminates research findings used to make informed policies:
 - Food labeling, food safety and pesticide residue regulation
 - Food formulation, production, marketing
 - Development of nutrition education programs

(1) A net increase of \$7,335,000 for research and analysis, and other expenses consisting of:

- (a) A decrease of \$180,000 and 3 staff years for a reduction in Federal employment costs.

Need for Change. In support of the Secretary's streamlining efforts and the President's Executive Order mandating a reduction in Federal employment, HNIS is reducing employment from the FY 1993 base by 9 percent.

Nature of Change. To achieve the reduction, HNIS will streamline its operations. The total reduction in personnel costs amounts to \$180,000.

(b) A decrease of \$309,000 for administrative efficiency.

Need for Change. In support of the Secretary's streamlining efforts and the President's Executive Order to reduce overhead-type outlays from the FY 1993 baseline, budget authority is reduced by \$309,000.

Nature of Change. In order to achieve these savings, HNIS will reduce discretionary expenses by \$309,000 in FY 1995, in areas such as training, travel and other controllable administrative costs.

(c) An increase of \$62,000 for the Fiscal Year 1995 pay raise.

(d) A net increase of \$7,562,000 for the Children's Food Intakes and Pesticide Data Initiative.

Need for Change. More specifically, the 1993 National Academy of Sciences Report on Pesticide Residues in the Diets of Children highlighted the need for HNIS food surveys to provide additional data on the food intakes of children in order to meet the requirements of the Environmental Protection Agency (EPA) and the Food and Drug Administration (FDA) in ensuring the safety of the food supply. The Academy concluded that food consumption patterns for infants and children differ markedly from those of adults, and that the current regulatory system does not specifically consider infants and children. Food intakes from larger samples of children should be collected in order for EPA and FDA to establish adequate safety thresholds. In response to the Academy's recommendation HNIS will conduct (1) a special survey that builds on and supplements the data gathered in the Continuing Survey of Food Intakes by Individuals 1994-1996 (CSFII) and (2) merges the CSFII and the National Health and Nutrition Education Survey (NHANES) databases, if possible, to more completely address the short term data needs of EPA.

Nature of Change. Funds requested will be utilized to develop a special survey of children's food intakes based on EPA's preferred sample distribution. The survey will entail contracts to work in even greater cooperation with EPA, FDA, and the health and scientific community to implement recommendations contained in the Academy's report.

(e) A net increase of \$200,000 to maintain food composition research and management of the National Nutrient Databank System (NDBS).

Need for change. To maintain food composition research and management of the NDBS and other associated nutrient data bases (survey nutrient database, and Child Nutrition Program Nutrient Database. The NDBS represents the critical link, persons nutritive values necessary to translate individual food intake and food production into information useful in the evaluation of the impact of USDA programs and policies on the nutritional status of the U.S. population, especially high risk groups such as children and low-income persons. The NDBS is used (1) to store and summarize food composition data (Handbook No. 8); (2) to provide nutritive values to the food intake data collected in USDA and DHHS surveys in the National Nutrition Monitoring and Related Research Program; (3) to provide nutritive values for the development of nutrient standard based meals served in the school lunch program and; (4) to provide nutritive values for the food industry to label meat products according to new labeling regulations.

Recently, the General Accounting Office (GAO) released a study highlighting the significance of the National Nutrient Databank System and calling for greater quality control regarding the data. HNIS is moving forward to implement these changes. New funding will be directed to quality improvements for data management.

Nature of Change. Currently, the NDBS contains data on 5,300 food items. Annual supplements, which update and expand nutrient data, are compiled based on research, food industry sources and the scientific literature. These supplements are published and electronically available on the USDA Bulletin Board for use by USDA, other federal agencies, the food industry, and other researchers. The Bulletin Board telephone number is 301-436-5078. No additional staff years will be needed to support this initiative.

Human Nutrition Information Service
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1993 and Estimated 1994 and 1995

	1993		1994		1995	
	-----		-----		-----	
	Staff		Staff		Staff	
	Amount	Years	Amount	Years	Amount	Years
	-----	-----	-----	-----	-----	-----
Maryland.....	\$8,397,356	109	\$11,068,000	103	\$18,403,000	100
Unobligated						
balance.....	140,644	--	---	--	---	--

Total, Available						
or Estimate	8,538,000	109	11,068,000	103	18,403,000	100

=====

HUMAN NUTRITION INFORMATION SERVICE

STATUS OF PROGRAM

The Human Nutrition Information Service (HNIS) is responsible for conducting applied research in food and nutrition--what foods Americans buy and eat, what nutrients are in the foods we eat, and how we can make informed food choices. HNIS research is used by policymakers to formulate research-based policies for nutrition and food intervention programs; consumer education including the Dietary Guidelines for Americans, which are the basis of Federal dietary guidance policy for the public; food fortification; food safety; and regulatory activities.

Current Activities carried out by HNIS include:

1. Food Intake Research. Plan, manage, and report results of nationwide surveys of food consumption and dietary practices and behaviors by households and individuals, including the Continuing Survey of Food Intakes by Individuals, and the Diet and Health Knowledge Survey. Develop, carry out, and report a program of research to improve food-consumption survey concepts and methods consistent with provisions of the National Nutrition Monitoring and Related Research Act of 1990.
2. Food Composition Research and the Food and Nutrient Data Bases. Direct research and gather data to determine the nutrient content of foods available to Americans, develop standard reference tables on the nutrient composition of foods, and manage the National Nutrient Data Bank.
3. Applied Research on the Dietary Status of the U.S. Population. Provide research-based information for decision-making by Government policymakers, educators, and health professionals aimed at improving the nutritional quality of the American diet.
4. Nutrition Education Research. Develop dietary guidance concepts and techniques to help the American public make informed food choices.
5. Policy Coordination. Serve as lead USDA agency for the National Nutrition Monitoring and Related Research Program, for the development of the Dietary Guidelines for Americans--the basis for Federal dietary guidance policy, and for a number of Federal and Federal/private nutrition education activities such as the National Cholesterol Education Program. These activities are coordinated with the U.S. Department of Health and Human Services (DHHS) and other agencies.

Food Intake Research

A fixed-price contract for the 1994-96 Continuing Survey of Food Intakes by Individuals (CSFII) and the Diet and Health Knowledge Survey (DHKS) was awarded. CSFII/DHKS 1994-96 was developed in direct response to Congress' request that HNIS improve methodology and contracting procedures and enhance survey data quality. Emphasis has been placed on improved survey management, high response rates, extensive quality controls and reduced respondent burden.

Data from these surveys have a major effect on nutrition policy, the design of nutrition programs, food fortification policy and food safety policy. Over the three-year period, a nationally representative sample of 15,000 individuals (with a subset sample of 45 percent low income) will be asked, through in-person interviews, to recall their food intakes on two nonconsecutive days and socioeconomic and health-related information. About two weeks after the CSFII, through telephone follow-up, 4,000 individuals are asked to answer DHKS questions about knowledge and attitudes toward dietary guidance and health. A pilot study to test data collection methods and survey operations was successfully completed in Spring 1993 and the actual survey began in January 1994.

CSFII/DHKS 1989-91 has been completed. This survey was designed to obtain 3-day food intake data from 15,000 individuals in addition to sociodemographic data and general questions on respondents' diet and health. The DHKS 1989-91 is significant in that it represents the first time that a nationwide survey was used to study the relationship between individuals' actual dietary intakes and their attitudes about dietary behavior. Data tapes providing results from the 1989 and 1990 CSFII/DHKS have been made available for public distribution through the National Technical Information Service.

Food Composition Research and the Food and Nutrient Data Bases

HNIS's National Data Bank and Agriculture Handbook 8 are the world's principal sources of food composition data. The Handbook and the related USDA databases are essential to a wide spectrum of researchers, teachers, federal agencies and international organizations. With nutrient analysis costing about \$2,000 per sample and it being desirable to base data on 6 or more samples, it is too expensive for HNIS or any other entity to maintain ideal data on all foods. However, HNIS requires stringent quality assurance standards for the nutrient analyses under contract. Potential contractors are screened according to performance, including their written proposal as well as by analyses of reference materials. HNIS contracts have focused on monitoring nutrients in foods that are major contributors of those nutrients. Quality assurance of data submitted by outside sources is, however, being strengthened and will require more documentation. A new and improved Nutrient Data Bank System is currently being developed to meet future needs and will address issues of concern. This new system will address the needs of the varied users and help assure improved quality of nutrient data.

Updated information on the composition of pork products was released in a revision to Agriculture Handbook Section Number 8-10. In addition, the 1992 Supplement to the Handbook was published. These Handbook revisions are available through the HNIS electronic Nutrient Databank Bulletin Board and upon requests from data users in the government, food industry and academia.

Extramural contracts were used for monitoring nutrient composition data. These included lipid components including fat, fatty acids, cholesterol, and plant sterols in selected foods; and total dietary fiber in selected foods. Key foods were analyzed for vitamins, minerals, and proximates (protein, fat, carbohydrate, moisture). Data obtained through these activities have been added to the National Nutrient Data Bank and form the basis for supplements to the Handbook.

Work began on a Nutrient Data Base for Child Nutrition Programs which will be used in a demonstration project for nutrient standard menu planning in the National School Lunch Programs beginning in 1994. Planning is underway for a redesign of the Nutrient Data Bank computer system to enhance database management, better utilize current electronic technology and to expand the level of detail recorded about food composition measurements.

HNIS, with the cooperation of the Environmental Protection Agency (EPA) and the Food and Drug Administration (FDA), is refining its Food Grouping System to translate survey data on foods consumed into raw agricultural commodities that can be linked with pesticide residue data. The purpose of the Food Grouping System is to increase the usefulness of food consumption data collected in national surveys. Information on food is collected the way people eat it--as separate items such as a piece of chicken, or as mixtures such as pizza. Before the Food Grouping System, pizza would have been totally classified as a grain product and we would not know how much of the food was actually cheese, tomatoes, or flour. The Food Grouping System allows us to translate the information on consumption of pizza and other mixtures into data on consumption of the specific ingredients, or even further to the level of raw agricultural commodities. The Food Grouping System will provide intake data on food and commodities for EPA and other organizations to determine potential residue exposures for the total population and population subgroups, thereby enhancing risk assessments. Contract

acquisition by the General Services Administration's Federal Office System Support Division is in progress with award anticipated in 1994.

Research on the Dietary Status of the U.S. Population

The U.S. Food Supply Series, a historical series that dates from 1909 was updated to 1991. This data is the only source of information which provides a consistent measure of foods and nutrients available for consumption since the beginning of the century. A contract with Fu Associates was signed to provide production of the primary report entitled "Nutrient Content of the U.S. Food Supply" in 1994. This publication has a wide audience which includes nutrition and public health professionals, epidemiologists, public policy makers, agricultural economists, food industry and marketing analysts, among others. This publication will present the most up-to-date information available. In addition, food supply data are regularly provided for inclusion in other publications, e.g., Agricultural Statistics, Statistical Abstract of the United States, and the Bureau of the Census' Historical Abstracts. Several articles and speeches report on specific aspects of the food supply data.

Plans were made for two major research efforts, one, to develop the research base for an overall measure of diet quality for the U.S. population, and population subgroups (a "Healthy Eating Index") and two, to identify knowledge, attitude and behavior related questions primarily from the Diet and Health Knowledge Survey (DHKS) that are accurate "Indicators of Healthy Eating" defined as following current dietary recommendations. In preparation for the "Indicators of Healthy Eating" project, a contract was signed with Market Research Corporation of America (MRCS) to identify DHKS type questions which estimate "Healthy Eating". To the same purpose, a grant was awarded to the Cooperative Extension System (CES) to focus on questionnaire development to assess the effect of nutrition education programs.

The cost of four USDA family food plans--thrifty, low-cost, moderate-cost, and liberal--was released monthly in FY 1993. A historical report on the Thrifty Food Plan development was written. This report serves as an excellent overview on food plan development and methodology for food plan staff or individuals interested in the history of food assistance programs.

Nutrition Education Research and Information

The Food Guide Pyramid, developed to help people follow the Dietary Guidelines for Americans, has been used extensively by public and private organizations as a tool for nutrition education and in conjunction with other nutrition education materials. For example, the Food Guide Pyramid has been used by professional associations such as the American Dietetic Association, the Society for Nutrition Education and other health and education groups. It has been used in articles, consumer brochures, food labels, advertising, posters, curricula for school age children, video and boxed games, and much more.

HNIS staff has written or given many articles and speeches explaining the research base for the Food Guide and how to use it for professional audiences. Materials have also been developed for consumers. For example, a new set of eight bulletins on the Dietary Guidelines has been released. The set includes an overview and seven individual bulletins, each focusing on one guideline. Information on using the Food Guide Pyramid in menu planning, as well as practical suggestions and recipes, and food preparation tips are included. The two-color bulletins are designed to be readily reproduced to enhance their usefulness in a variety of nutrition education programs. Several other publications were released to present information on healthy eating to high-risk audiences: Making Healthy Food Choices for low literate adults; Food Facts for Older Adults; and Dietary Guidelines and Your Health, a teaching kit for health educators to use with students in junior and senior high schools. Development of materials that show professionals and consumers how to use the Food Guide Pyramid and the new nutrition label as tools

for healthy eating are nearing completion. The educational materials developed by HNIS are based on nutrition education research on the dietary status of Americans and the factors that influence dietary status.

HNIS provides leadership for an interagency working group that reviews all USDA and DHHS publications that present dietary guidance for the general public. The review process is intended to ensure that guidance conforms to the Dietary Guidelines for Americans and is consistent and supportive across USDA agencies and the Federal Government. The group is composed of representatives from ten USDA agencies that are involved in nutrition education. A similar group reviews dietary guidance materials within DHHS.

Policy Coordination

As the USDA lead agency for the National Nutrition Monitoring and Related Research Program, HNIS works with other agencies both inside and outside USDA to coordinate monitoring activities. HNIS, along with DHHS, provides Co-Executive Secretaries to the National Nutrition Monitoring Advisory Council. The Co-Executive Secretaries provide technical assistance and administrative service in the operation of the Council. HNIS provides liaison to the Executive Secretary for the Interagency Board on Nutrition Monitoring and Related Research (IBNMRR), which is cochaired by the USDA Assistant Secretary for Food and Consumer Services and the DHHS Assistant Secretary of Health. Through the activities of working groups of the IBNMRR, issues are being addressed on survey comparability, Federal and State information dissemination and exchange, and food composition. Implementation of the requirements defined in P.L. 101-445, the National Nutrition Monitoring and Related Research Act of 1990, is a major initiative within USDA in coordination with DHHS. As required by the law, USDA and DHHS have developed the Ten-Year Comprehensive Plan for Nutrition Monitoring and Related Research. The Plan lays out direction and activities in nutrition monitoring that the Federal government will take for the next decade.

HNIS is the lead for USDA, in coordination with DHHS, to contract with a scientific body to interpret available data and publish a report on the dietary, nutritional, and health-related status of the people of the United States. This scientific report is required by P.L. 101-445. HNIS further provides the USDA liaison to the National Cholesterol Education Campaign Coordinating Committee and the USDA member to the Working Group for the Year 2000 Nutrition Objectives, both of which are DHHS health promotion and disease prevention initiatives.

FOOD AND NUTRITION SERVICE

Purpose Statement

The Food and Nutrition Service (FNS) was established August 8, 1969, by Secretary's Memorandum No. 1659 and Supplement 1 pursuant to the authority contained in 5 U.S.C. 301 and the Reorganization Plan No. 2 of 1953.

The Food and Nutrition Service administers food assistance programs which provide access to a more nutritious diet for persons with low incomes and which encourage better eating patterns among the nation's children. The programs are:

Food Stamp Program. Food stamps are issued to eligible low-income households to enable them to obtain a better diet by increasing their food purchasing power. The program is a Federal-State partnership with the Federal Government paying the full cost of food stamps. The Federal Government also funds over half of the expenses incurred by the States to administer the program, including recipient household certification, food coupon issuance and employment and training activities for recipients. Funds for this program are provided by direct appropriation.

Nutrition Assistance for Puerto Rico. This program provides grant funds to the Commonwealth of Puerto Rico to operate a food assistance program specifically tailored to the needs of its low-income citizens provided that the program assures assistance for the most needy persons in the jurisdiction. Puerto Rico has established eligibility standards and administrative mechanisms approved by FNS to assist low-income households with cash grants, rather than food stamps or coupons. This assistance is intended to supplement recipients' income to help them purchase food for an adequate diet. A small portion of the grant is also used to stimulate local food production and distribution activities through a Tick Eradication Program. Another small portion is used to fund a Special Wage Incentive Program for Nutrition Assistance Program recipients. Funds for this program are provided by direct appropriation.

Child Nutrition Programs. The purpose of the Child Nutrition Programs -- the National School Lunch, School Breakfast, Summer Food Service and Child and Adult Care Food Programs -- is to assist State and local governments in providing food services for children in public and nonprofit private schools, child care institutions, certain adult day care centers, and summer recreation programs. FNS provides the States with cash and additional commodities on a per meal basis to offset the cost of food service and cash to offset a portion of State administrative expenses, sponsor administrative expenses and technical assistance. FNS also administers the various Child Nutrition Programs directly in cases where the State has chosen not to administer the programs. In addition to the cash and commodity assistance provided for all meals, substantially higher cash rates are paid as special assistance for meals served free or at a reduced price to children from low income families. Funds for these programs are provided by direct appropriation and by transfer from section 32.

Special Milk Program. The Special Milk Program provides funding for milk service in some kindergartens, as well as in schools, nonprofit child care centers and camps which have no other federally assisted food programs. Milk is provided to children either free or at a low cost depending on their family income level. The Food and Nutrition Service provides cash subsidies to State administered programs and directly administers the program in the States which have chosen not to administer the program. Funds for this program are provided by direct appropriation.

Special Supplemental Food Program for Women, Infants and Children (WIC). The purpose of the WIC Program is to improve the health of low-income pregnant, breastfeeding and postpartum women, infants and children up to their fifth birthday. This is achieved by providing food packages designed to supplement each participant's diet with foods that nutritional research indicates are typically lacking in the WIC target population and by providing eligible recipients with nutrition education, including information about breastfeeding, and access to health services. In addition to paying the full cost of the food packages, appropriated funds are provided to States for administrative and nutrition services costs for the program. The WIC Farmers' Market Nutrition Program (FMNP) is also funded from the WIC appropriation. The FMNP is designed to accomplish two major goals: 1) to improve the diets of WIC (or WIC-eligible) participants by providing them with coupons to purchase fresh, nutritious, unprepared foods, such as fruits

and vegetables, from farmers' markets; and 2) to increase the awareness and use of farmers' markets by low-income households. Although directly related to the WIC Program, most of the current FMNP operations are administered by State Departments of Agriculture rather than the State WIC agencies. Funds for the WIC program are provided by direct appropriation.

Commodity Supplemental Food Program (CSFP). The first priority of the CSFP is to provide food packages designed to improve the health of low-income pregnant, breastfeeding and postpartum women, infants and children up to their sixth birthday, a target population similar to that of the WIC Program. The next priority of CSFP is to provide supplemental food packages to improve the health of the low-income elderly; i.e., persons 60 years of age or older. The foods are purchased directly by the Department of Agriculture and distributed through State and local agencies to eligible women, infants, children and the elderly. The Food and Nutrition Service provides cash assistance to distributing agencies to offset their operating expenses at a rate of 20 percent of appropriated funding. Funds to purchase commodities and pay expenses for this program are provided by direct appropriation and may be supplemented by commodities purchased under farm program authorities and distributed at no charge against the funds appropriated.

Food Donations Programs for Selected Groups

Food Distribution Program on Indian Reservations (FDPIR). This program provides nutrition assistance to low-income American Indians living on or near reservations who choose not to participate in the Food Stamp Program. Through monthly distribution from local warehouses, participating Indians receive a variety of commodities to help maintain a healthy diet. Participating agencies can order food items according to households' preferences. They also receive information on proper nutrition, food storage, sanitary food preparation methods and suggestions for use of the commodities. Funds to purchase commodities and pay expenses for this program are provided by direct appropriation and may be supplemented by commodities purchased under farm program authorities and distributed at no charge against the funds appropriated.

Nutrition Program for the Elderly. This program provides cash and commodities to States for distribution to local organizations that prepare meals served to elderly persons in congregate settings or delivered to their homes. The program promotes good health through nutrition assistance and by reducing the isolation experienced by the elderly. USDA's role in this program is to supplement the Department of Health and Human Services' funding for programs for the elderly with cash and commodities on a per meal basis for each meal served to an elderly person. Funds for this program are provided by direct appropriation.

Commodities for Soup Kitchens. This program provides for the purchase and distribution of commodities to soup kitchens and food banks. Commodities are distributed to the States which, in turn, provide them to public and charitable institutions that maintain an established feeding operation to provide food to needy homeless persons on a regular basis as an integral part of their activities. In instances when these commodities cannot be used by these organizations, States provide such commodities to food banks that maintain an established operation involving the provision of food or edible commodities to food pantries, soup kitchens, hunger relief centers or other food or feeding centers that provide meals or food to needy persons on a regular basis as an integral part of their normal activities. Funds for this program are provided by direct appropriation.

The Emergency Food Assistance Program (TEFAP). The Emergency Food Assistance Program helps States to relieve situations of hunger and distress by making available surplus foods from USDA farm support program inventories. The program also provides funds to States to aid in the intrastate storage and distribution of these foods. The allocation of both commodities and administrative expense grants to the States is based on a formula which considers the States' unemployment level and the number of persons with incomes below the poverty level. Funds for this program are provided by direct appropriation.

Food Program Administration. This account funds Federal personnel compensation, benefits and other operating expenses of the Food and Nutrition Service. FNS administers the Food Stamp, Child Nutrition, Special Supplemental Food and other programs described above in a Federal-State

partnership in which State agencies and local entities directly operate most programs. FNS implements program statutes through promulgation of regulations and instructions. FNS staff provide training and assistance to State agencies, assure proper funds allocation and control, conduct program monitoring and evaluation, and develop program policy.

Agency headquarters are in Alexandria, Virginia. Regional offices are at seven locations: Boston, Massachusetts; Robbinsville, New Jersey; Atlanta, Georgia; Chicago, Illinois; Dallas, Texas; Denver, Colorado; and San Francisco, California. On September 30, 1993, FNS employed 1,819 full time permanent and 49 part time and temporary employees, of which 607 were in the headquarters office and 1,261 in the field. Of the field total, 851 employees were stationed in seven regional offices and the balance in six Food Stamp Compliance offices; one computer support center in Minneapolis, Minnesota; five Administrative Review offices; and 84 field offices. Funds for these activities are provided by direct appropriation.

Food and Nutrition Service Nutrition Education Activities

The 1995 budget request will support the FNS effort to make nutrition education an integral component of all food assistance programs as a key component of the overall initiative to update the domestic food assistance and nutrition education programs. The overall nutritional update initiative is founded in the four guiding principles: (1) implementing the Dietary Guidelines for Americans in order to promote health and prevent disease; (2) customer satisfaction; (3) flexibility; and (4) maximizing resources through cooperative efforts and partnerships.

The Food and Nutrition Service is the primary funding source for nutrition education for targeted high-risk groups. Historically, most of this funding has been used to provide nutrition education through the WIC Program to promote growth during the critical times of physical and mental development. The 1995 budget request will allow WIC nutrition education to keep pace with the overall growth of the program while increasing support for nutrition education needed to promote health through implementation of the dietary guidelines in other food assistance programs.

Dietary Guidelines Implementation in the Child Nutrition Programs

Increasing evidence on the adverse health effects of excesses in certain food components led to inclusion in the 1990 edition of the Dietary Guidelines for Americans of quantitative upper limits for fat (not more than 30% of calories) and saturated fat (less than 10% of calories). Reinforcement of the recommendation to apply these limits to the diets of children was issued by the American Academy of Pediatrics in September 1992 and by the American Dietetic Association in March 1993. The nation's Health Objectives for the Year 2000, established by the Department of Health and Human Services (HHS) with USDA concurrence on the nutrition objectives, sets out the target for this decade: "increase to at least 90 percent the proportion of school lunch and breakfast services and child care food services with menus that are consistent with the nutrition principles in the Dietary Guidelines for Americans" (Healthy People 2000, Objective 2.17, page 126). The FNS-sponsored School Nutrition Dietary Assessment Study found that in school year 1991-92, school lunches exceed dietary guidelines for fat by more than 25 percent, for saturated fat by 50 percent, and National Research Council *Diet and Health* recommendations for sodium by nearly 100 percent. It also found that children who ate the school lunch consumed a significantly higher amount of calories from fat than children who got their lunch from brown-bagging, vending machines, or elsewhere at school. Further, the report showed that virtually no schools comply with the Dietary Guidelines for Americans.

In order to implement the principles of the Dietary Guidelines during this decade to reduce the long-term disability and health-care cost of nutritionally-related chronic diseases such as coronary heart disease, stroke, diabetes, atherosclerosis, and certain types of cancer, it is necessary to improve the diets of America's children and help them establish proper eating habits for a healthy life. Therefore, the 1995 budget request provides total funding of \$32.5 million from three line items--Dietary Guidelines implementation, Nutrition Education and Training (NET) Program and the Food Service Management Institute (FSMI)--to support implementation of the Dietary Guidelines in the Child Nutrition Programs. The Dietary Guidelines implementation funding of \$20.5 million will provide FNS the flexibility to provide leadership and augment State and local efforts with specialized Dietary Guidelines menu planning guides, institutional kitchen-tested quantity recipes and training programs, and a national promotional campaign to encourage children to accept new foods and meals lower in fat, saturated fat and sodium.

Nutrition Education and Training (NET) Program

The NET program provides children, through child care and schools, with opportunities to acquire the knowledge, skills, attitudes and behaviors necessary to make healthful food choices. NET develops nutrition education programs and instructs food service workers and teachers in nutrition and health. FNS estimates that about \$10.3 million will be needed to maintain the current level of effort for NET. This NET funding is an important component of the comprehensive multi-year initiative to implement the Dietary Guidelines for Americans in the Child Nutrition Programs by the year 2000, and is needed to reach the diverse population of child care and preschool providers.

Special Supplemental Food Program for Women, Infants and Children (WIC)

WIC provides the largest single source of Federal nutrition education funding, reaching over 6 million pregnant, breastfeeding and postpartum women, infants and young children each month during critical times of physical growth and mental

development. The 1995 budget request includes funding to allow nutrition education in WIC to keep pace with program growth. A major goal of WIC nutrition education is to increase WIC breastfeeding rates. These efforts will also complement the National Healthy Objective of increasing "to at least 75 percent the proportion of mothers who breastfeed their babies at hospital discharge and to at least 50 percent the proportion who continue breastfeeding until their babies are 5 to 6 months old" (Healthy People 2000, Objective 2.11).

Food Stamp Program

The Food Stamp Program makes funding for nutrition education available to State administrative agencies at a 50:50 match rate. Historically, few States have made use of this funding, and the Federal matching share has been about \$2 million per year. Grants to promote increased nutrition education were authorized by P.L. 101-624, and were funded at \$ 0.5 million for Fiscal Year 1993. In Fiscal Year 1994, the Food Stamp Program nutrition education demonstration grants along with funds from other FNS programs were used to develop the community nutrition education challenge approach. This will foster development of community-based approaches to providing nutrition education to the target populations of the 14 FNS programs. These projects will continue in Fiscal Year 1995. The budget request for Other Program Costs includes an increase of funding which, along with retargeted funds from other Food Stamp Program research, will support up to \$ 2.75 million for broader demonstrations on integrating nutrition concepts, especially those related to the Dietary Guidelines for Americans.

Nutrition Education through the Food Distribution Program on Indian Reservations (FDPIR)

Nutrition education has traditionally been integral to FDPIR. However, past efforts in this area have proven inadequate in view of the continued high incidence of diet-related health conditions, such as hypertension, diabetes, and obesity among the Native American population. In 1994, FNS specifically earmarked some additional FDPIR administrative funds for nutrition education. The 1995 budget provides for nationwide expansion of nutrition education for FDPIR participants. These funds are allocated among regions using a participation-based formula. Regions, in turn, use their allocations for direct provision of nutrition education to Indian Tribal Organizations and their program participants, or for competitive grants to Indian Tribal Organizations. This funding is intended to stimulate and support innovative approaches to the specific nutrition education needs and cultural sensitivities of Native Americans.

FOOD AND NUTRITION SERVICE
Available Funds and Staff-Years
1993 Actual and Estimated, 1994 and 1995

Page 1 of 2

Item	1993 Actual		1994 Estimated		1995 Estimated	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Food Stamp Program.....	27,064,357,000	25	27,045,655,000	25	27,687,710,000	35
Nutrition Assistance for Puerto Rico.....	[a] 1,040,175,000		[b] 1,078,528,000			
Child Nutrition Programs:						
Appropriation.....	\$2,536,098,000		\$2,727,022,000		\$2,238,533,000	
Transfer from Section 32.....	4,290,455,000		4,770,109,000		5,212,818,000	
Total - Child Nutrition Programs.....	[c] 6,826,553,000	127	[d] 7,497,131,000	127	[e] 7,451,351,000	118
Special Milk Program.....	[f] 14,898,000		[g] 20,277,000		[h] 18,089,000	
Special Supplemental Food Program.....	[i] 2,860,000,000		[j] 3,210,000,000		[k] 3,563,588,000	
Commodity Supplemental Food Program.....	[l] 94,500,000		[m] 104,500,000		[n] 94,500,000	
Food Donations Programs for Selected Groups.....	[o] 256,513,000		[p] 258,641,000		[q] 229,596,000	
Temporary Assistance.....	[r] 42,329,000		[s] 0		[t] 0	
The Emergency Food Assistance Program.....	[u] 165,000,000		[v] 120,230,000		[w] 40,230,000	
Food Program Administration:	[x] 103,535,000	1,764	[y] 107,767,000	1,764	[z] 106,983,000	1,757
Total, Food and Nutrition Service Funds.....	[aa] 38,467,860,000	1,916	[ab] 39,442,729,000	1,916	[ac] 40,335,047,000	1,910
Obligations under other USDA Appropriations:						
Human Nutrition Information Service for Administrative Support.....	250,000	5	0		0	
Farmers Home Administration:	47,095		51,000		51,000	
Agricultural Stabilization and Conservation Service..	31,070		164,000	2	164,000	2
Soil Conservation Service...	12,364		0		0	
Miscellaneous Reimbursements:	304,647		96,326	1	96,326	1
Total, Other USDA Appropriations.....	645,176	5	311,326	3	311,326	3

FOOD AND NUTRITION SERVICE
Available Funds and Staff-Years
1993 Actual and Estimated, 1994 and 1995

Page 2 of 2

Item	1993		1994		1995	
	Actual	Estimated	Estimated	Estimated	Estimated	Estimated
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Other Federal Funds:						
EBT Treasury	0		475,000	2	475,000	2
Army Audit Agency for Health and Building Management Services	7,824		10,674		10,674	
Total, Other Federal Funds..	7,824	0	485,674	2	485,674	2
Total, Food and Nutrition Service.....	38,468,513,000	1,921	39,443,526,000	1,921	40,335,844,000	1,915

- [a] Excludes \$10,825,000 in funds transferred to APHIS for Tick Eradication.
 [b] Excludes \$12,472,000 in funds transferred to APHIS for Tick Eradication.
 [c] Excludes \$26,767,817 in unobligated balances and \$56,450,674 in recoveries of PY obligations.
 [d] Excludes \$5,379,187 in unobligated balances and \$1,377,812 in recoveries of PY obligations.
 [e] Excludes \$347,680 in unobligated balances.
 [f] Excludes \$1,633,680 in unobligated balances.
 [g] Excludes \$2,647,148 in unobligated balances and \$66,641,958 in recoveries of PY obligations.
 [h] Excludes \$288,982 in unobligated balances.
 [i] Excludes \$2,876,767 in recoveries of PY obligations.
 [j] Excludes \$12,280,664 in unobligated balances proposed for rescission.
 [k] Excludes \$6,060,832 in unobligated balances.
 [l] Excludes \$31,163,000 in unobligated balances.

FOOD AND NUTRITION SERVICE

Permanent Positions by Grade and Staff-Year Summary

1993 and Estimated 1994 and 1995

	1993			1994			1995		
	Headquarters:	Field :	Total	Headquarters:	Field :	Total	Headquarters:	Field :	Total
ES-6	0:	0:	0::	0:	0:	0::	0:	0:	0
ES-5	1:	0:	1::	1:	0:	1::	1:	0:	1
ES-4	3:	6:	9::	3:	5:	8::	3:	6:	9
ES-3	1:	1:	2::	1:	1:	2::	1:	1:	2
ES-2	1:	0:	1::	1:	0:	1::	1:	0:	1
ES-1	2:	0:	2::	2:	0:	2::	2:	0:	2
GS/GM-15	21:	7:	28::	19:	7:	26::	19:	7:	26
GS/GM-14	44:	35:	79::	44:	35:	79::	44:	35:	79
GS/GM-13	129:	80:	209::	135:	82:	217::	132:	79:	211
GS-12	137:	268:	405::	139:	270:	409::	138:	266:	404
GS-11	126:	526:	652::	127:	547:	674::	127:	540:	667
GS-10	1:	0:	1::	1:	0:	1::	1:	0:	1
GS-9	30:	75:	105::	31:	85:	116::	29:	79:	108
GS-8	6:	7:	13::	6:	7:	13::	6:	7:	13
GS-7	39:	67:	106::	41:	72:	113::	38:	65:	103
GS-6	30:	60:	90::	30:	60:	90::	30:	55:	85
GS-5	28:	119:	147::	29:	128:	157::	29:	119:	148
GS-4	15:	29:	44::	15:	30:	45::	15:	27:	42
GS-3	4:	5:	9::	4:	5:	9::	4:	4:	8
GS-2	1:	2:	3::	1:	2:	3::	1:	0:	1
GS-1	0:	0:	0::	0:	0:	0::	0:	0:	0
Ungraded Positions :	4:	0:	4::	4:	0:	4::	4:	0:	4
Total Permanent Positions.....:	623:	1,287:	1,910::	634:	1,336:	1,970::	625:	1,290:	1,915
Unfilled Positions :	:	:	::	:	:	::	:	:	:
end-of-year.....:	-16:	-26:	-42::	-3:	-25:	-28::	-5:	-11:	-16
Total, Permanent Employment, end-of-year.....:	607:	1,261:	1,868::	631:	1,311:	1,942::	620:	1,279:	1,899
Staff-Years.....:	614:	1,307:	1,921::	656:	1,265:	1,921::	639:	1,276:	1,915

FOOD AND NUTRITION SERVICE

CLASSIFICATION BY OBJECTS

(dollars in thousands)

	Actual 1993	Estimated 1994	Estimated 1995
Personnel Compensation:			
Headquarters	32,144	33,000	33,532
Field	48,503	49,377	52,615

11 Total personnel compensation	80,647	82,377	86,147
11.1 Full-time permanent	77,569	79,040	83,183
11.3 Other than full-time permanent	2,192	2,614	2,084
11.9 Special personal services	886	723	880
12 Personnel benefits	14,737	15,003	14,827
13 Benefits for former personnel	53	44	42

Total pers. compensation and benefits	95,437	97,424	101,016

Other objects:			
21 Travel	3,877	4,393	4,567
22 Transportation of things	4,881	5,403	5,492
23.1 Rental payments to GSA			
23.2 Rental payments to others	234	425	423
23.3 Communications, utilities and misc. charges	3,231	3,509	2,790
24 Printing and reproduction	24,140	50,031	52,073
25.1 Consulting services	48,480	64,214	64,052
25.2 Other services	6,435	8,181	7,252
26 Supplies and materials (incl. commodities)	544,808	468,161	440,651
31 Equipment	1,875	1,684	1,728
32 Land and structures			
41 Grants, subsidies and contributions	34,402,014	35,801,907	37,631,066
42 Insurance claims and indemnities	200		
43 Interest and dividends			

Total other objects	35,040,175	36,407,908	38,210,094

Total direct obligations	35,135,612	36,505,332	38,311,110
=====			
Position Data:			
Average Salary, ES positions	104,287	108,698	113,296
Average Salary, GM/GS positions	40,676	43,278	45,864
Average Grade, GM/GS positions	10.24	10.36	10.36

FOOD AND NUTRITION SERVICE

Reports of Audits and Investigations of National Significance
Received during Fiscal Year 1993

<u>Program/Activity Reviews</u>	<u>Report Number</u>	<u>Date Issued</u>	<u>Subject</u>
<u>Reports from the Office of the Inspector General</u>			
Food Distribution	50600-8-CH	12/28/92	Quality of Audits Performed on Multi-State Food Processors by Certified Public Accountants
Child Nutrition	27099-2-KC	08/04/93	Effectiveness of Single Audits, Child Nutrition Programs
Food Stamps	27019-24-HY	09/02/92	Compliance Branch Controls over Cash and Food Stamp Coupon Inventories
Food Stamps	27019-72-CH	09/30/93	Eligibility of Convenience Stores
Financial Management	27070-4-HY	03/23/93	Issues Identified during FY 1991 Financial Statements Requiring Management Action
Financial Management	27070-4-HY	08/20/93	Financial Statements FY 1992
<u>Reports from the General Accounting Office</u>			
Child Nutrition	RCED-93-5	10/16/92	Food Assistance: School Milk Contract Bid-Rigging
Food Stamps	RCED-93-7OR	11/25/92	Food Stamp Program Provisions

FOOD AND NUTRITION SERVICE

Food Assistance Table

Budget Authority - Current Law/Recommended Level
(Dollars in Thousands)

	1993 Actual	1994 Estimate	1995 Estimate	Change 1994-1995
A. Child Nutrition Programs:				
1. Program grants to States:				
a. School Lunch Program.....	4,149,236	4,503,445	4,134,766	-368,679
b. School Breakfast Program.....	899,178	950,385	1,027,230	76,845
c. Child Care and Adult Care Food Program.....	1,221,173	1,467,836	1,643,448	175,612
d. Summer Food Service Program.....	228,006	232,891	256,564	23,673
e. State administrative expenses.....	77,086	85,832	94,041	8,209
TOTAL, Cash payments to States.....	6,574,679	7,240,389	7,156,049	-84,340

2. Commodities to States (including cash in lieu of commodities):				
a. FNS commodities.....	230,598	234,881	255,317	20,436
b. AMS Section 32 commodities.....	400,000	400,000	400,000	0
c. CCC bonus commodities.....	0	0	0	0
d. AMS bonus commodities.....	0	0	0	0
TOTAL, Commodities to States.....	630,598	634,881	655,317	20,436

3. Nutrition studies and education:				
a. Nutrition studies and surveys, section 6(a)(3)..	3,835	3,835	3,663	-172
b. Nutrition education and training, section 19....	10,000	10,270	10,270	0
c. Child Nutrition Coordinated Review System.....	3,780	3,849	3,849	0
d. Food Service Management Institute.....	1,661	1,853	1,706	-147
e. Dietary Guidelines.....	2,000	2,054	20,497	18,443
TOTAL, Nutrition studies and education.....	21,276	21,861	39,985	18,124

Section 17(p) Demos.....	0	0	0	0

TOTAL, Child Nutrition Programs.....	7,226,553	7,897,131	7,851,351	-45,780
LESS: AMS Section 32 commodities.....	400,000	400,000	400,000	0
CCC bonus commodities.....	0	0	0	0
AMS bonus commodities.....	0	0	0	0
TOTAL, FNS Child Nutrition Account.....	6,826,553	7,497,131	7,451,351	-45,780

B. Special Milk Program: Cash Payments.....	14,898	20,277	18,089	-2,188

C. Special Supplemental Food Program (WIC):				
1. Cash grants to States.....	2,855,000	3,205,000	3,560,093	355,093
2. Studies and evaluations.....	5,000	5,000	3,495	-1,505
TOTAL, FNS Special Supplemental Food Program Account.....	2,860,000	3,210,000	3,563,588	353,588

Continued on next page

FOOD AND NUTRITION SERVICE

Food Assistance Table
Budget Authority - Current Law/Recommended Level
(Dollars in Thousands)

	1993 Actual	1994 Estimate	1995 Estimate	Change 1994-1995

D. Commodity Supplemental Food Program (CSFP):				
1. Commodities for supplemental food.....	75,600	83,600	75,600	-8,000
2. Payments to distributing agencies for administration.....	18,900	20,900	18,900	-2,000
3. CCC donations.....	0	0	0	0
SUBTOTAL, Commodity Supplemental Food Program (CSFP).. <td>94,500</td> <td>104,500</td> <td>94,500</td> <td>-10,000</td>	94,500	104,500	94,500	-10,000
LESS: CCC Donations.....	0	0	0	0
TOTAL, FNS CSFP Account.....	94,500	104,500	94,500	-10,000

E. Food Stamp Program:				
1. Benefit costs.....	22,840,989	22,826,031	23,466,298	640,267
2. State administrative costs.....	1,630,226	1,614,079	1,631,225	17,146
3. Other program costs.....	93,142	106,545	111,787	5,242
4. Benefit Reserve.....	2,500,000	2,500,000	2,500,000	0
5. Excess state error liabilities.....	0	-1,000	0	1,000
6. Fed. Tax Refund Program.....	0	0	-21,600	-21,600
7. Adjustments in expired accounts.....	0	0	0	0
8. Unobligated balance expiring.....	0	0	0	0
TOTAL, FNS Food Stamp Program Account.....	27,064,357	27,045,655	27,687,710	642,055

F. Nutrition Assistance for Puerto Rico.....	1,051,000	1,091,000	1,143,000	52,000

G. Food Donations Programs:				
1. Food Distribution Program on Indian Reservations:				
a. Commodities in lieu of food stamps.....	54,405	49,736	18,107	-31,629
b. Distributing agency administrative costs.....	18,444	18,905	20,347	1,442
c. Section 32 bonus commodities.....	0	0	0	0
d. Section 416 bonus commodities.....	0	0	0	0
TOTAL, Food Distribution Program on Reservations.....	72,849	68,641	38,454	-30,187
LESS: Bonus commodities.....	0	0	0	0
TOTAL, FNS Food Distribution Program on Indian Reservations Account.....	72,849	68,641	38,454	-30,187

2. Nutrition Program for the Elderly:				
a. Commodities.....	9,367	9,828	9,263	-565
b. Cash in lieu of commodities.....	142,297	140,172	131,879	-8,293
c. Section 32 Bonus Commodities.....	0	0	0	0
d. Section 416 Bonus Commodities.....	0	0	0	0
TOTAL, Nutrition Program for the Elderly.....	151,664	150,000	141,142	-8,858
LESS: Bonus Commodities.....	0	0	0	0
TOTAL, FNS Nutrition Program for the Elderly Account.....	151,664	150,000	141,142	-8,858

3. Commodities for Soup Kitchens.....	32,000	40,000	50,000	10,000

TOTAL, FNS Food Donations Programs Account.....	256,513	258,641	229,596	-29,045

Continued on next page

FOOD AND NUTRITION SERVICE

Food Assistance Table
 Budget Authority - Current Law/Recommended Level
 (Dollars in Thousands)

	1993 Actual	1994 Estimate	1995 Estimate	Change 1994-1995
H. The Emergency Food Assistance Program (TEFAP):				
1. FNS Commodities.....	120,000	80,220	220	-80,000
2. CCC Bonus Commodities.....	0	0	0	0
3. TEFAP Administrative Expense.....	45,000	40,010	40,010	0
TOTAL, The Emergency Food Assistance Program.....	165,000	120,230	40,230	-80,000
LESS: Bonus Commodities.....	0	0	0	0
TOTAL, FNS TEFAP Account.....	165,000	120,230	40,230	-80,000
I. Temporary Assistance P.L. 102-552: Commodities.....	42,329	0	0	0
J. Bonus Commodities to Other Outlets:				
1. Charitable Institutions				
a. Section 32 commodities.....	0	0	0	0
b. Section 416 commodities.....	0	0	0	0
2. Summer Camps				
a. Section 32 commodities.....	0	0	0	0
b. Section 416 commodities.....	0	0	0	0
3. Disaster Feeding				
a. Section 32 commodities.....	0	0	0	0
b. Section 416 commodities.....	0	0	0	0
TOTAL, Bonus Commodities to Other Outlets.....	0	0	0	0
K. Food Program Administration:				
1. Child nutrition/Special Milk.....	27,414	28,516	28,303	-213
2. Supplemental feeding.....	11,409	11,875	11,789	-86
3. Food stamp.....	57,952	60,319	59,886	-433
4. Cash and commodity subsidies.....	6,760	7,057	7,005	-52
TOTAL, Food Program Administration.....	103,535	107,767	106,983	-784
GRAND TOTAL, Food Assistance.....	38,878,685	39,855,201	40,735,047	879,846
LESS: Section 32 commodities for Child Nutrition.....	400,000	400,000	400,000	0
AMS bonus commodities.....	0	0	0	0
CCC bonus commodities.....	0	0	0	0
TOTAL, FNS Accounts.....	38,478,685	39,455,201	40,335,047	879,846

FOOD AND NUTRITION SERVICE

Food Assistance Table
 Program Level - Current Law/Recommended Level
 (Dollars in Thousands)

	1993 Actual	1994 Estimate	1995 Estimate	Change 1994-1995
A. Child Nutrition Programs:				
1. Program grants to States:				
a. School Lunch Program.....	4,129,944	4,271,896	4,436,432	164,536
b. School Breakfast Program.....	899,178	950,385	1,027,230	76,845
c. Child Care and Adult Care Food Program.....	1,221,174	1,467,836	1,643,448	175,612
d. Summer Food Service Program.....	228,006	232,891	256,564	23,673
e. State administrative expenses.....	78,476	89,449	94,041	4,592
TOTAL, Cash payments to States.....	6,556,778	7,012,457	7,457,715	445,258

2. Commodities to States (including cash in lieu of commodities):				
a. FNS commodities.....	230,598	234,881	255,317	20,436
b. AMS Section 32 commodities.....	389,900	400,000	400,000	0
c. CCC bonus commodities.....	50,797	50,797	50,797	0
d. AMS bonus commodities.....	39,367	39,367	39,367	0
TOTAL, Commodities to States.....	710,662	725,045	745,481	20,436

3. Nutrition studies and education:				
a. Nutrition studies and surveys, section 6(a)(3)...	3,835	3,835	3,663	-172
b. Nutrition education and training, section 19....	10,000	10,270	10,270	0
c. Child Nutrition Coordinated Review System.....	4,017	3,849	3,849	0
d. Food Service Management Institute.....	1,661	1,853	1,706	-147
e. Dietary Guidelines.....	450	3,604	20,497	16,893
TOTAL, Nutrition studies and education.....	19,963	23,411	39,985	16,574

Section 17(p) Demos.....	0	0	0	0

TOTAL, Child Nutrition Programs.....	7,287,403	7,760,913	8,243,181	482,268
LESS: AMS Section 32 commodities.....	389,900	400,000	400,000	0
CCC bonus commodities.....	50,797	50,797	50,797	0
AMS bonus commodities.....	39,367	39,367	39,367	0
TOTAL, FNS Child Nutrition Account.....	6,807,339	7,270,749	7,753,017	482,268

B. Special Milk Program: Cash Payments.....	19,109	18,991	19,723	732

C. Special Supplemental Food Program (WIC):				
1. Cash grants to States.....	2,923,492	3,325,289	3,680,093	354,804
2. Studies and evaluations.....	4,711	5,000	3,495	-1,505
TOTAL, FNS Special Supplemental Food Program Account.....	2,928,203	3,330,289	3,683,588	353,299

Continued on next page

FOOD AND NUTRITION SERVICE

Food Assistance Table
Program Level - Current Law/Recommended Level
(Dollars in Thousands)

	1993 Actual	1994 Estimate	1995 Estimate	Change 1994-1995

D. Commodity Supplemental Food Program (CSFP):				
1. Commodities for supplemental food.....	63,321	83,600	75,600	-8,000
2. Payments to distributing agencies for administration.....	19,013	20,900	18,900	-2,000
3. CCC donations.....	20,927	32,996	22,535	-10,461
SUBTOTAL, Commodity Supplemental Food Program (CSFP).. LESS: CCC Donations.....	103,261 20,927	137,496 32,996	117,035 22,535	-20,461 -10,461
TOTAL, FNS CSFP Account.....	82,334	104,500	94,500	-10,000

E. Food Stamp Program:				
1. Benefit costs.....	22,010,475	22,520,115	23,466,298	946,183
2. State administrative costs.....	1,618,821	1,614,079	1,631,225	17,146
3. Other program costs.....	68,361	106,545	111,787	5,242
4. Benefit Reserve.....	0	0	0	0
5. Excess state error liabilities.....	0	0	0	0
6. Fed. Tax Refund Program.....	0	0	0	0
7. Adjustments in expired accounts.....	0	0	0	0
8. Unobligated balance expiring.....	0	0	0	0
TOTAL, FNS Food Stamp Program Account.....	23,697,657	24,240,739	25,209,310	968,571

F. Nutrition Assistance for Puerto Rico.....	1,040,175	1,078,528	1,143,000	64,472

G. Food Donations Programs:				
1. Food Distribution Program on Indian Reservations:				
a. Commodities in lieu of food stamps.....	49,644	24,634	49,270	24,636
b. Distributing agency administrative costs.....	18,143	18,905	20,347	1,442
c. Section 32 bonus commodities.....	0	0	0	0
d. Section 416 bonus commodities.....	1,393	1,393	1,393	0
TOTAL, Food Distribution Program on Reservations..... LESS: Bonus commodities.....	69,180 1,393	44,932 1,393	71,010 1,393	26,078 0
TOTAL, FNS Food Distribution Program on Indian Reservations Account.....	67,787	43,539	69,617	26,078

2. Nutrition Program for the Elderly:				
a. Commodities.....	8,074	9,828	9,263	-565
b. Cash in lieu of commodities.....	142,591	140,172	131,879	-8,293
c. Section 32 Bonus Commodities.....	535	535	535	0
d. Section 416 Bonus Commodities.....	263	263	263	0
TOTAL, Nutrition Program for the Elderly..... LESS: Bonus Commodities.....	151,463 798	150,798 798	141,940 798	-8,858 0
TOTAL, FNS Nutrition Program for the Elderly Account.....	150,665	150,000	141,142	-8,858

3. Commodities for Soup Kitchens.....	32,000	40,000	50,000	10,000

TOTAL, FNS Food Donations Programs Account.....	250,452	233,539	260,759	27,220

Continued on next page

FOOD AND NUTRITION SERVICE

Food Assistance Table
 Program Level - Current Law/Recommended Level
 (Dollars in Thousands)

	1993 Actual	1994 Estimate	1995 Estimate	Change 1994-1995
H. The Emergency Food Assistance				
Program (TEFAP):				
1. FNS Commodities.....	120,000	80,220	220	-80,000
2. CCC Bonus Commodities.....	63,325	63,325	63,325	0
3. TEFAP Administrative Expense.....	44,987	40,010	40,010	0
TOTAL, The Emergency Food Assistance Program.....	228,312	183,555	103,555	-80,000
LESS: Bonus Commodities.....	63,325	63,325	63,325	0
TOTAL, FNS TEFAP Account.....	164,987	120,230	40,230	-80,000
I. Temporary Assistance P.L. 102-552: Commodities.....	42,329	0	0	0
J. Bonus Commodities to Other Outlets:				
1. Charitable Institutions				
a. Section 32 commodities.....	10,764	10,764	10,764	0
b. Section 416 commodities.....	84,660	84,660	84,660	0
2. Summer Camps				
a. Section 32 commodities.....	260	260	260	0
b. Section 416 commodities.....	3,246	3,246	3,246	0
3. Disaster Feeding				
a. Section 32 commodities.....	1,991	1,991	1,991	0
b. Section 416 commodities.....	230	230	230	0
TOTAL, Bonus Commodities to Other Outlets.....	101,151	101,151	101,151	0
K. Food Program Administration:				
1. Child nutrition/Special Milk.....	27,289	28,516	28,303	-213
2. Supplemental feeding.....	11,117	11,875	11,789	-86
3. Food stamp.....	57,987	60,319	59,886	-433
4. Cash and commodity subsidies.....	6,634	7,057	7,005	-52
TOTAL, Food Program Administration.....	103,027	107,767	106,983	-784
GRAND TOTAL, Food Assistance.....	35,803,270	37,195,159	38,990,476	1,795,317
LESS: Section 32 commodities for Child Nutrition.....	389,900	400,000	400,000	0
AMS bonus commodities.....	52,917	52,917	52,917	0
CCC bonus commodities.....	224,841	236,910	226,449	-10,461
TOTAL, FNS Accounts.....	35,135,612	36,505,332	38,311,110	1,805,778

FOOD AND NUTRITION SERVICE

Food Assistance Table
Outlays - Current Law/Recommended Level
(Dollars in Thousands)

	1993 Actual	1994 Estimate	1995 Estimate	Change 1994-1995
A. Child Nutrition Programs:				
1. Program grants to States:				
a. School Lunch Program.....	3,954,668	4,266,857	4,412,410	145,553
b. School Breakfast Program.....	885,379	949,109	1,016,011	66,902
c. Child Care and Adult Care Food Program.....	1,202,320	1,440,111	1,617,809	177,698
d. Summer Food Service Program.....	228,283	238,169	253,108	14,939
e. State administrative expenses.....	75,377	84,116	92,572	8,456
TOTAL, Cash payments to States.....	6,346,027	6,978,362	7,391,910	413,548

2. Commodities to States (including cash in lieu of commodities):				
a. FNS commodities.....	230,598	234,881	255,317	20,436
b. AMS Section 32 commodities.....	389,900	400,000	400,000	0
c. CCC bonus commodities.....	0	0	0	0
d. AMS bonus commodities.....	0	0	0	0
TOTAL, Commodities to States.....	620,498	634,881	655,317	20,436

3. Nutrition studies and education:				
a. Nutrition studies and surveys, section 6(a)(3)..	3,835	3,835	3,663	-172
b. Nutrition education and training, section 19....	10,000	10,270	10,270	0
c. Child Nutrition Coordinated Review System.....	4,017	3,849	3,849	0
d. Food Service Management Institute.....	1,661	1,853	1,706	-147
e. Dietary Guidelines.....	450	3,604	20,497	16,893
TOTAL, Nutrition studies and education.....	19,963	23,411	39,985	16,574

Section 17(p) Demos.....	0	0	0	0

TOTAL, Child Nutrition Programs.....	6,986,488	7,636,654	8,087,212	450,558
LESS: AMS Section 32 commodities.....	389,900	400,000	400,000	0
CCC bonus commodities.....	0	0	0	0
AMS bonus commodities.....	0	0	0	0
TOTAL, FNS Child Nutrition Account.....	6,596,588	7,236,654	7,687,212	450,558

B. Special Milk Program: Cash Payments.....	15,535	21,370	19,547	-1,823

C. Special Supplemental Food Program (WIC):				
1. Cash grants to States.....	2,842,499	3,213,021	3,534,193	321,172
2. Studies and evaluations.....	3,989	9,129	3,604	-5,525
TOTAL, FNS Special Supplemental Food Program Account.....	2,846,488	3,222,150	3,537,797	315,647

Continued on next page

FOOD AND NUTRITION SERVICE

Food Assistance Table
Outlays - Current Law/Recommended Level
(Dollars in Thousands)

	1993 Actual	1994 Estimate	1995 Estimate	Change 1994-1995

D. Commodity Supplemental Food Program (CSFP):				
1. Commodities for supplemental food.....	56,970	84,362	75,936	-8,426
2. Payments to distributing agencies for administration.....	20,353	22,531	18,984	-3,547
3. CCC donations.....	0	0	0	0
SUBTOTAL, Commodity Supplemental Food Program (CSFP).. <td>77,323</td> <td>106,893</td> <td>94,920</td> <td>-11,973</td>	77,323	106,893	94,920	-11,973
LESS: CCC Donations.....	0	0	0	0
TOTAL, FNS CSFP Account.....	77,323	106,893	94,920	-11,973

E. Food Stamp Program:				
1. Benefit costs.....	21,897,116	23,914,850	23,464,595	-450,255
2. State administrative costs.....	1,585,884	1,539,259	1,620,439	81,180
3. Other program costs.....	94,380	93,652	118,375	24,723
4. Benefit Reserve.....	0	0	0	0
5. Excess state error liabilities.....	0	-1,000	0	1,000
6. Fed. Tax Refund Program.....	0	0	-21,600	-21,600
7. Adjustments in expired accounts.....	0	0	0	0
8. Unobligated balance expiring.....	0	0	0	0
TOTAL, FNS Food Stamp Program Account.....	23,577,380	25,546,761	25,181,809	-364,952

F. Nutrition Assistance for Puerto Rico.....	1,025,051	1,077,629	1,141,447	63,818

G. Food Donations Programs:				
1. Food Distribution Program on Indian Reservations:				
a. Commodities in lieu of food stamps.....	59,757	21,280	44,589	23,309
b. Distributing agency administrative costs.....	18,171	18,571	20,073	1,502
c. Section 32 bonus commodities.....	0	0	0	0
d. Section 416 bonus commodities.....	0	0	0	0
TOTAL, Food Distribution Program on Reservations.....	77,928	39,851	64,662	24,811
LESS: Bonus commodities.....	0	0	0	0
TOTAL, FNS Food Distribution Program on Indian Reservations Account.....	77,928	39,851	64,662	24,811

2. Nutrition Program for the Elderly:				
a. Commodities.....	8,032	8,003	9,371	1,368
b. Cash in lieu of commodities.....	131,693	165,121	133,454	-31,667
c. Section 32 Bonus Commodities.....	0	0	0	0
d. Section 416 Bonus Commodities.....	0	0	0	0
TOTAL, Nutrition Program for the Elderly.....	139,725	173,124	142,825	-30,299
LESS: Bonus Commodities.....	0	0	0	0
TOTAL, FNS Nutrition Program for the Elderly Account.....	139,725	173,124	142,825	-30,299

3. Commodities for Soup Kitchens.....	30,433	41,567	50,000	8,433

TOTAL, FNS Food Donations Programs Account.....	248,086	254,542	257,487	2,945

Continued on next page

FOOD AND NUTRITION SERVICE

Food Assistance Table

Outlays - Current Law/Recommended Level
(Dollars in Thousands)

	1993 Actual	1994 Estimate	1995 Estimate	Change 1994-1995
H. The Emergency Food Assistance				
Program (TEFAP):				
1. FNS Commodities.....	120,000	80,220	220	-80,000
2. CCC Bonus Commodities.....	0	0	0	0
3. TEFAP Administrative Expense.....	43,386	43,477	40,010	-3,467
TOTAL, The Emergency Food Assistance Program.....	163,386	123,697	40,230	-83,467
LESS: Bonus Commodities.....	0	0	0	0
TOTAL, FNS TEFAP Account.....	163,386	123,697	40,230	-83,467
I. Temporary Assistance P.L. 102-552: Commodities.....	42,329	0	0	0
J. Bonus Commodities to Other Outlets:				
1. Charitable Institutions				
a. Section 32 commodities.....	0	0	0	0
b. Section 416 commodities.....	0	0	0	0
2. Summer Camps				
a. Section 32 commodities.....	0	0	0	0
b. Section 416 commodities.....	0	0	0	0
3. Disaster Feeding				
a. Section 32 commodities.....	0	0	0	0
b. Section 416 commodities.....	0	0	0	0
TOTAL, Bonus Commodities to Other Outlets.....	0	0	0	0
K. Food Program Administration:				
1. Child nutrition/Special Milk.....	30,191	29,052	28,037	-1,015
2. Supplemental feeding.....	13,802	13,437	11,512	-1,925
3. Food stamp.....	56,836	58,179	59,612	1,433
4. Cash and commodity subsidies.....	7,041	6,770	6,778	8
TOTAL, Food Program Administration.....	107,870	107,438	105,939	-1,499
GRAND TOTAL, Food Assistance.....	35,089,936	38,097,134	38,466,388	369,254
LESS: Section 32 commodities for Child Nutrition.....	389,900	400,000	400,000	0
AMS bonus commodities.....	0	0	0	0
CCC bonus commodities.....	0	0	0	0
TOTAL, FNS Accounts.....	34,700,036	37,697,134	38,066,388	369,254

FOOD AND NUTRITION SERVICE

The estimate includes appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

State Child Nutrition Payments (Including Transfers of Funds):

- 1 For necessary expenses to carry out the National School Lunch Act (42 U.S.C. 1751-1769b), and the applicable provisions other than sections 3 and 17 of the Child Nutrition Act of 1966 (42 U.S.C. 1773-1785, and 1788-1789);
- 2 [\$7,497,131,000] \$7,451,351,000 to remain available through September 30, [1995] 1996, of which [\$2,727,022,000] \$2,238,533,000 is hereby appropriated and [\$4,770,109,000] \$5,212,818,000 shall be derived by transfer from funds available under section 32 of the Act of August 24, 1935 (7 U.S.C. 612c), including \$50,000,000 from funds directed by P.L. 103-111 to uses authorized by section 1541 of section 301(b) of P.L. 100-387 as amended: Provided, That funds appropriated for the purpose of section 7 of the Child Nutrition Act of 1966 shall be allocated among the States but the distribution of such funds to an individual State is contingent upon that State's agreement to participate in studies and surveys of programs authorized under the National School Lunch Act and the Child Nutrition Act of 1966, when such studies and surveys have been directed by the Congress and requested by the Secretary of Agriculture: Provided further, That if the Secretary of Agriculture determines that a State's administration of any program under the National School Lunch Act or the Child Nutrition Act of 1966 (other than section 17), or the regulations issued pursuant to these Acts, is seriously deficient, and the State fails to correct the deficiency within a specified period of time, the Secretary may withhold from the State some or all of the funds allocated to the State under section 7 of the Child Nutrition Act of 1966 and under section 13(k)(1) of the National School Lunch Act; upon a subsequent determination by the Secretary that the programs are operated in an acceptable manner some or all of the funds withheld may be allocated: Provided further, That only final reimbursement claims for service of meals, supplements, and milk submitted to State agencies by eligible schools, summer camps, institutions, and service institutions within sixty days following the month for which the reimbursement is claimed shall be eligible for reimbursement from funds appropriated under this Act. States may receive program funds appropriated under this Act for meals, supplements, and milk served during any month only if the final program operations report for such month is submitted to the Department within ninety days following that month. Exceptions to these claims or reports submission requirements may be made at the discretion of the Secretary: Provided further, That up to \$3,849,000 shall be available for independent verification of school food service claims: Provided further, That [\$1,853,000] \$1,706,000 shall be available to provide financial and other assistance to operate the Food Service Management Institute.

The first change makes funds provided available through September 30, 1996.

The second change makes available \$50.0 million from section 32 that was appropriated for the promotion of sunflower and cottonseed oil in P.L. 103-111.

CHILD NUTRITION PROGRAMS

Appropriations Act, 1994.....	\$7,497,131,000
Budget Request, 1995.....	<u>7,451,351,000</u>
Decrease in Appropriations.....	<u>-45,780,000</u>

SUMMARY OF INCREASES AND DECREASES
(On basis of appropriation)

<u>Item of Change</u>	<u>1994 Estimated</u>	<u>Pay Cost</u>	<u>Program Changes</u>	<u>1995 Estimated</u>
School lunch program...	\$4,503,445,000	--	-\$368,679,000	\$4,134,766,000
School breakfast pgm...	950,385,000	--	+76,845,000	1,027,230,000
Child and adult care food program.....	1,467,836,000	--	+175,612,000	1,643,448,000
Summer food service program.....	232,891,000	+20,000	+23,653,000	256,564,000
State administrative expenses.....	85,832,000	+18,000	+8,191,000	94,041,000
Commod. procurement a/ Coordinated Review Effort	234,881,000		+20,436,000	255,317,000
	3,849,000	+36,000	-36,000	3,849,000
Nutrition studies and surveys.....	3,835,000	--	-172,000	3,663,000
Nutrition education and training.....	10,270,000	--	-0-	10,270,000
Food Service Management Institute.....	1,853,000	--	-147,000	1,706,000
Dietary Guidelines....	<u>2,054,000</u>	--	<u>+18,443,000</u>	<u>20,497,000</u>
Total Appropriation...	7,497,131,000	+74,000	-45,854,000	7,451,351,000

a/ In addition, \$400.0 million in commodities is available from section 32.

PROJECT STATEMENT
(On basis of appropriation)

<u>Project</u>	<u>1993 Actual Amount</u>	<u>1994 Estimated Amount</u>	<u>Increase or Decrease</u>	<u>1995 Estimated Amount</u>
1.Cash payments:				
to States :				
(a)School lunch:				
(1)Above 185%:				
of poverty:	\$337,085,000:	\$369,239,000:	-\$30,188,000:	\$339,051,000:
(2)130-185% :				
of poverty:	390,526,000:	427,777,000:	-34,975,000:	392,802,000:
(3)Below 130%:				
of poverty:	<u>3,421,625,000:</u>	<u>3,706,429,000:</u>	<u>-303,516,000:</u>	<u>3,402,913,000:</u>
Total, School :			(2):	
Lunch.....:	4,149,236,000:	4,503,445,000:	-368,679,000:	4,134,766,000:
(b)School :				
Breakfast :				
program....:				
(1)Above 185%:				
of poverty:	21,580,000:	22,809,000:	+1,845,000:	24,654,000:
(2)130-185% :				
of poverty:	36,866,000:	38,966,000:	+3,150,000:	42,116,000:
(3)Below 130%:				
of poverty:	<u>840,732,000:</u>	<u>888,610,000:</u>	<u>+71,850,000:</u>	<u>960,460,000:</u>
Total, School :			(3):	
Breakfast.....:	899,178,000:	950,385,000:	+76,845,000:	1,027,230,000:
(c)CACFP :				
(1)Meal :				
Service:				
(a)Above 185%:				
of poverty:	524,403,000:	608,624,000:	+88,060,000:	696,684,000:
(b)130-185% :				
of poverty:	37,371,000:	47,240,000:	+3,943,000:	51,183,000:
(c)Below 130%:				
poverty :	<u>643,750,000:</u>	<u>790,411,000:</u>	<u>+81,194,000:</u>	<u>871,605,000:</u>
Subtotal.....:	<u>1,205,524,000:</u>	<u>1,446,275,000:</u>	<u>+173,197,000:</u>	<u>1,619,472,000:</u>
(2)Audit :				
expense.....:	15,649,000:	21,561,000:	+2,415,000:	23,976,000:

PROJECT STATEMENT
(On basis of appropriation)

	1993		1994		Increase	1995	
	Actual		Estimated		or	Estimated	
Project	Amount	Sys	Amount	Sys	Decrease	Amount	Sys
Total, Child and Adult Care:					(4):		
Food Program...	1,221,173,000:		1,467,836,000:		+175,612,000:	1,643,448,000:	
(d) Summer Food :					(1)(5):		
Svc Program:	228,006,000:	35:	232,891,000:	40:	+23,673,000:	256,564,000:	37
(e) State Admin. expenses....	77,086,000:	30:	85,832,000:	15:	+8,209,000:	94,041,000:	15
2. Commodity Procurement :							
(a) Commodities :	183,950,800:		187,435,000:		+16,308,000:	203,743,000:	
(b) Cash-in-lieu of commodities:	46,647,200:		47,446,000:		+4,128,000:	51,574,000:	
Total, Commodity procurement..1/:	230,598,000:		234,881,000:		+20,436,000:	255,317,000:	
3. Coordinated Review..1/...	3,780,000:	62:	3,849,000:	72:	(1)(8): -0-	3,849,000:	66
4. Nutrition Studies and Education:							
(a) Nutrition Studies and Surveys.....	3,835,000:		3,835,000:		-172,000:	3,663,000:	
(b) Nutrition Ed and training:	10,000,000:		10,270,000:		-0-	10,270,000:	
(c) Food Service Management :							
Institute...	1,661,000:		1,853,000:		-147,000:	1,706,000:	
(d) Dietary Guidelines...	2,000,000:		2,054,000:		+18,443,000:	20,497,000:	
Total, Nutrition Studies and Education..1/...	17,496,000:		18,012,000:		+18,124,000:	36,136,000:	
Total, Available or Estimate..	6,826,553,000:	127:	7,497,131,000:	127:	-45,780,000:	7,451,351,000:	118

PROJECT STATEMENT
(On basis of available funds)

	1993		1994		Increase	1995	
	Actual		Estimated		or	Estimated	
Project	Amount	Sys	Amount	Sys	Decrease	Amount	Sys
1. Cash payments to States :							
(a) School lunch:							
(1) Above 185% of poverty:	\$338,655,000:		\$350,252,000:		+\$13,535,000:	\$363,787,000:	
(2) 130-185% of poverty:	392,345,000:		405,780,000:		+15,681,000:	421,461,000:	
(3) Below 130% of poverty:	3,398,943,939:		3,515,864,000:		+135,319,237:	3,651,183,716:	
Total, School Lunch.....	4,129,943,939:		4,271,896,000:		(2): +164,535,237:	4,436,431,716:	
(b) School Breakfast program....							
(1) Above 185% of poverty:	21,580,000:		22,809,000:		+1,845,000:	24,654,000:	
(2) 130-185% of poverty:	36,866,000:		38,966,000:		+3,150,000:	42,116,000:	
(3) Below 130% of poverty:	840,731,650:		888,610,000:		+71,850,000:	960,460,000:	
Total, School Breakfast.....	899,177,650:		950,385,000:		(3): +76,845,000:	1,027,230,000:	
(c) CACFP :							
(1) Meal Service....							
(a) Above 185% of poverty:	524,403,000:		608,624,000:		+88,060,000:	696,684,000:	

PROJECT STATEMENT
(On basis of available funds)

Project	1993 Actual Amount	Sys	1994 Estimated Amount	Sys	Increase or Decrease	1995 Estimated Amount	Sys
(b) 130-185% of poverty:	37,371,000:		47,240,000:		+3,943,000:	51,183,000:	
(c) Below 130% poverty:	643,750,804:		790,411,000:		+81,194,000:	871,605,000:	
Subtotal.....	1,205,524,804:		1,446,275,000:		+173,197,000:	1,619,472,000:	
(2) Audit expense.....	15,649,297:		21,561,000:		+2,415,000:	23,976,000:	
Child and Adult Care Food Program.....	1,221,174,101:		1,467,836,000:		+175,612,000:	1,643,448,000:	
(d) Summer Food Service Program.....	228,006,309:	35:	232,891,000:	40:	+23,673,000:	256,564,000:	37
(e) State Admin. expenses.....	78,475,928:	30:	89,449,000:	15:	+4,592,000:	94,041,000:	15
2. Commodity Procurement:							
(a) Commodities:	183,950,627:		187,435,000:		+16,308,000:	203,743,000:	
(b) Cash-in-lieu of commodities:	46,647,200:		47,446,000:		+4,128,000:	51,574,000:	
Total, Commodity procurement..1/:	230,597,827:		234,881,000:		+20,436,000:	255,317,000:	
3. Coordinated Review..1/...	4,017,146:	62:	3,849,000:	72:	-0-:	3,849,000:	66
4. Nutrition Studies and Education....							
(a) Nutrition Studies and Surveys.....	3,835,000:		3,835,000:		-172,000:	3,663,000:	
(b) Nutrition Ed. and training:	9,999,875:		10,270,000:		-0-:	10,270,000:	
(c) Food Service Management Institute...	1,661,000:		1,853,000:		-147,000:	1,706,000:	
(d) Dietary Guidelines..	450,000:		3,604,000:		+16,893,000:	20,497,000:	
Total, Nutrition Studies and Education..1/:	15,945,875:		19,562,000:		+16,574,000:	36,136,000:	
TOTAL, Obligations....	6,807,338,775:	127:	7,270,749,000:	127:	+482,267,237:	7,753,016,716:	118
Recovery of prior year Obligations....	-56,450,674:		--		--	--	
Unobligated Bal. Available Start of-year.....	-26,767,817:		-75,283,716:		-226,382,000:	-301,665,716:	
Available End-of-year.....	+75,283,716:		+301,665,716:		-301,665,237:	--	
Expiring.....	+27,149,000:		--		--	--	
Total, Available or Estimate.....	6,826,553,000:	127:	7,497,131,000:	127:	-45,780,000:	7,451,351,000:	118

1/ Fiscal Year 1995 amounts include a request of \$32,529,000 in discretionary additions to the mandatory baseline.

EXPLANATION OF PROGRAM

Overview of Program Development. The Child Nutrition Programs, authorized by the National School Lunch Act (NSLA) and the Child Nutrition Act of 1966, subsidize meals served to children in schools and in a variety of other institutions. The Child Nutrition Programs have their origins in commodity distribution programs operated in the 1930's. In 1946, the NSLA established the National School Lunch Program "to safeguard the health and well-being of the Nation's children and to encourage the domestic consumption of nutritious agricultural commodities."

In 1966, Congress expanded the availability of Federal food assistance for children by providing for a pilot breakfast program, which was made a permanent program in 1975. Meal service was extended to pre-school age children in child care in 1968. In 1969, Congress made provisions to assist feeding programs in serving meals for free or at a reduced price to children who met certain income eligibility guidelines. A Summer Food Service Program was initiated in 1968 to serve low income children while school was out of session. The Child Nutrition and WIC Reauthorization Act of 1989 (P.L. 101-147) reauthorized the Summer Food Service Program, State Administrative Expenses, the Commodity Distribution Program and the Nutrition Education and Training Program through 1994.

Eligibility and Benefits. A general description of eligibility for and benefits of the programs follows:

1. Cash Payments to States. The programs are operated under an agreement entered into by State agencies and the Department. Funds are made available by letters of credit to State agencies for use in reimbursing participating schools and other institutions. Sponsors make application to the State agencies and, if approved, are reimbursed on a per-meal basis in accordance with the terms of their agreements and the rates prescribed by law. The reimbursement rates are adjusted annually to reflect changes in the Consumer Price Index for Food Away From Home as provided for in Section 11 of the NSLA.
 - (a) National School Lunch Program (NSLP). Assistance is provided to the States for the service of lunches and snacks to children in participating schools and institutions, regardless of household income. Additional assistance is provided to the States for serving lunches and snacks free or at a reduced price to needy children. States must match a portion of the Federal cash grant. Schools which, in the second previous school year, served at least 60 percent of their lunches at free or reduced prices receive an additional two cents per meal in assistance.
 - (b) School Breakfast Program (SBP). Federal reimbursement is based on the number of breakfasts served to children from low, lower or upper income families. Schools that served at least 40 percent of their lunches at free or reduced prices in the second preceding year and had unusually high preparation costs which exceeded regular breakfast per meal reimbursement, receive higher subsidies in both the free and reduced price categories. FNS also provides expansion grants as authorized by P.L. 101-147, the Child Nutrition and WIC Reauthorization Act of 1989.
 - (c) Child and Adult Care Food Program (CACFP). Nonprofit child care centers and family and group day care homes receive subsidies for meals served to preschool and other children. Profit-making child care centers receiving compensation under Title XX of the Social Security Act may participate in the program if 25 percent of the children enrolled are Title XX participants. Certain adult day care centers are also eligible for participation in this program if they provide meals to persons 60 years or older or to adults who are functionally impaired. They must be nonprofit unless they receive compensation under Title XIX or Title XX of the Social Security Act for at least 25 percent of their enrollees. The Child and Adult Care Food Program provides reimbursement to State agencies at varying rates for breakfasts, lunches, suppers and meal supplements. While meals served to children in centers are means tested, with higher subsidies going to meals served to low income children, all meals are served free in day care homes, with homes receiving the higher free reimbursement rate regardless of the child's family income. Two percent of total CACFP obligations from the second preceding year are provided for audits and administrative reviews of CACFP institutions. As authorized in Public Law 101-147, FNS will, through the end of Fiscal Year 1994, continue to administer grants to homeless shelters to determine the most effective way of providing meals to homeless children under the age of six.

- (d) Summer Food Service Program. Meals served free to children in low-income neighborhoods during the summer months are supported on a per-meal basis by Federal cash subsidies to State agencies. Funds are also provided for related State and local administrative expenses.

The Child Nutrition and WIC Reauthorization Act of 1989 added a new section (q) to Section 13 of the NSLA which requires the Secretary to "establish a system under which the Secretary and States shall monitor the compliance of private nonprofit organizations." In recognition of the vulnerability of this class of summer program sponsors to program abuse, 1/2 of 1 percent of the funds appropriated are authorized to carry out this function.

- (e) State Administrative Expenses. These funds may be used for State employee salaries, benefits, support services and office equipment. The total amount of State Administrative Expenses available for allocation to States is equal to 1.5 percent of Federal cash program payments for the National School Lunch, School Breakfast, Child and Adult Care Food and Special Milk Programs in the second previous fiscal year. Some States are prohibited by law and some States choose not to administer the programs in private schools and institutions. In these States, FNS directly administers the programs through its regional offices.

2. Commodity Procurement. Entitlement commodities and cash-in-lieu thereof required under section 6(e) of the National School Lunch Act (NSLA) are provided from two sources: funds appropriated to the Child Nutrition Programs and funds available to the Agriculture Marketing Service (AMS) under section 32 of the Act of August 24, 1935. Commodities are purchased for distribution to the School Lunch, Child and Adult Care Food and Summer Food Service Programs. The minimum, or "entitlement" commodity support rate for all school lunch and child care center lunches and suppers served is mandated by section 6(e) of the National School Lunch Act and is adjusted annually on July 1 to reflect changes in the Producer Price Index for Food Used in Schools and Institutions.

Section 32. This authority provides for purchase of perishable non-price support commodities when it is necessary to stabilize market conditions. Within the constraints of market conditions, seasonality of crops, and other factors, these purchases are planned so that commodities are delivered to schools on a regular basis throughout the year. The typical commodities purchased include meat, poultry, fish, fruits and vegetables.

Section 6(e) of the National School Lunch Act. Although market considerations play a role, this authority can be used to purchase price support and non-price support commodities based on recipient need and preference. Section 6(e) funds are used to provide schools with some of the perishable foods, such as meat, as well as non-perishable price support commodities (grains, oil, and peanut products) that they need. In addition, section 6(e) funds are used to provide cash-in-lieu of commodities when authorized by law. The areas currently receiving cash-in-lieu of commodities are Kansas, the sites which participated in the study of alternatives to commodity donation and which received commodity assistance in the form of cash-in-lieu of commodity letters of credit, adult care centers and child care centers which may elect to receive all of their commodity entitlement in cash.

Bonus Commodities. In addition to entitlement commodities, when supplies permit, "bonus" commodities are provided to schools and institutions. Outlets can obtain as much of some bonus commodities as they can use without waste; other bonus commodities are offered on a limited basis. Commodities are purchased by AMS and the Commodity Credit Corporation (CCC) and then donated to FNS for distribution. The two sources of bonus commodities are the Price Support Program and the Surplus Removal Program.

Price Support Program. When the Commodity Credit Corporation (CCC) acquires significant inventories of price support commodities, section 416 of the Agricultural Act of 1949 authorizes the CCC to donate commodities from its inventory to schools and other institutions. During Fiscal Year 1992, the Department donated butter, honey, flour and corn meal.

Surplus Removal Program. Under the provisions of section 32, funds are available for emergency surplus removal purchases. The Secretary of Agriculture determines when perishable commodities such as fruits and vegetables should be purchased and donated to schools and institutions under this surplus removal authority.

3. Coordinated Review Effort

FNS conducts program reviews in cooperation with State agencies in the National School Lunch Program (NSLP) to evaluate the accuracy of local and State meal service data, and provides training and technical support to schools to help improve local program administration and accountability. The Coordinated Review Effort replaces the Federal Review System and the State-conducted Assessment, Information, and Monitoring System (AIMS).

State training and transition activities occurred during the first quarter of Fiscal Year 1993 with actual reviews beginning before January. Fiscal Year 1994 marks the first full year of Coordinated Review with all phases fully implemented.

4. Nutrition Studies and Education

- (a) Nutrition Studies and Surveys. Section 6(a)(3) of the NSLA authorizes the use of Child Nutrition Program funds for nutrition studies and surveys. The purpose of these studies and surveys is to provide descriptive and evaluative information about the programs in order to make informed decisions and improve program operations.
- (b) Nutrition Education and Training (NET). This program, established in 1977 by P.L. 95-166, the National School Lunch Act and Child Nutrition Amendments of 1977, provides funds to State agencies for the development of comprehensive nutrition education and information programs for children participating in or eligible for school lunch and related Child Nutrition Programs. NET provides direct educational benefits to children. The program goals for NET include the instruction of educators and students in the fundamentals of nutrition, training of school food service personnel in nutrition and food service management, and helping children to build good food habits. Nutrition education resources and curricula are identified, developed and disseminated through NET.
- (c) Food Service Management Institute (FSMI). A Food Service Management Institute has been established in Mississippi to provide instruction for educators and school food service personnel in nutrition and food service management.
- (d) Dietary Guidelines. This funding will continue to provide support to schools and child care providers in implementing the Dietary Guidelines for Americans in food service operations. The base request will fund meal pattern analysis and assessment, menu planning technical aids, recipe development and training, and assistance to State and local food service operators. The requested increase will provide Federal and State technical assistance and computer equipment support to school districts for implementing the Dietary Guidelines in school food service operations. FNS will develop national multimedia nutrition education materials for pre-school and school-age children.

State/Federal Responsibilities. The Child Nutrition Programs are operated through a State/Federal partnership under agreements signed by State educational, agricultural, social service or health agencies and FNS. Through this Federal/State partnership, FNS has agreements with 85 State agencies. There are about 20,000 School Food Authorities which oversee the activities of over 92,700 schools, about 59 percent of which offer both lunch and breakfast. Typical Summer Food Service Program sponsors include School Food Authorities and local county or municipal governments. Currently there are over 3,000 sponsors for the Summer Food Service Program and over 12,000 sponsors of the Child and Adult Care Food Program (CACFP). There are currently over 200,000 child care centers and family day care homes participating in the CACFP.

FNS provides cash reimbursements for meals served by type and ensures that appropriate commodities are delivered on a timely basis. Funds are provided to help defray State administrative expenses. FNS also promulgates rules

implementing the programs as defined by statute, including specifying nutritional requirements for the meals (i.e., meal patterns), meal counting and reporting procedures to ensure confidentiality of free and reduced price meal recipients while assuring accurate counts; requirements for cash and facilities management; and other administrative requirements.

JUSTIFICATION OF INCREASES AND DECREASES

The Fiscal Year 1995 request for the Child Nutrition Programs reflects a decrease of \$45,780,000.

(1) A decrease of \$899,000 for administrative efficiency.

Need for Change. In support of the President's Executive Order to promote the efficient use of resources for administrative purposes, USDA is committed to reducing administrative costs.

Nature of Change. In order to achieve this savings, the Child Nutrition Programs will reduce discretionary expenses by \$899,000 in Fiscal Year 1995. This includes savings of \$163,000 in the Summer Food Service Program, \$539,000 in Commodity Procurement and \$197,000 in Coordinated Review.

(2) A decrease of \$368,679,000 in the appropriation for the School Lunch Program (\$4,503,445,000 appropriated in 1994). On the basis of available funds, there is an increase of \$164,535,237 (\$4,271,896,000 available in 1994).

Need for Change. The total number of school lunches is expected to increase by 34 million in Fiscal Year 1995 due to higher school enrollment and an increase in the number of children applying for free meals. The number of free meals is projected to increase by slightly less than 1% in Fiscal Year 1995. The projected rise in reimbursement rates on July 1 reflecting increases in the Consumer Price Index (CPI) for Food Away from Home contributes to the need for increased funding.

Nature of Change. The requested level of \$4,134,766,000 will be needed in Fiscal Year 1995 for the School Lunch Program to provide full reimbursement for meal service currently projected for Fiscal Year 1995.

School Lunch Program Program Performance Data

	<u>1993 Actual</u>	<u>1994 Estimate</u>	<u>1995 Estimate</u>	<u>Change</u>
Meals served (millions):				
Above 185% of poverty-----	1,873	1,844	1,859	+15
130%-185% of poverty-----	288	291	293	+2
below 130% of poverty-----	<u>1,978</u>	<u>2,049</u>	<u>2,066</u>	<u>+17</u>
	4,139	4,184	4,218	+34
Average participation:				
(millions)	24.8	25.0	25.3	+.3
Average subsidy per				
meal (cents):				
Above 185% of poverty-----	16.3	16.6	17.1	+.5
130%-185% of poverty-----	130.0	133.3	138.4	+5.1
Below 130% of poverty-----	170.2	173.5	178.6	+4.6
Commodities-----	14.0	14.0	14.3	+.3
PROGRAM TOTAL - Current Law				
(millions)	\$4,130	\$4,272	4,436	+164

(3) An increase of \$76,845,000 in the appropriation for the School Breakfast Program (\$950,385,000 available in 1994).

Need for Change. An increase of 51 million meals is projected for Fiscal Year 1995. This increase is due in part to School Breakfast Program expansion grants awarded in previous years.

The projected rise in reimbursement rates on July 1 reflecting increases in the CPI for Food Away from Home contributes to the need for increased funding.

Nature of Change. An appropriation of \$1,027,230,000 will be needed in Fiscal Year 1995 for the School Breakfast Program. This is an increase of about 8 percent over the estimate for Fiscal Year 1994. The number of meals projected for Fiscal Year 1995 is 1,041 million. This represents an increase of 4.2 percent over the 1994 level.

School Breakfast Program
Program Performance Data

	1993 <u>Actual</u>	1994 <u>Estimate</u>	1995 <u>Estimate</u>	<u>Change</u>
Meals served (millions):				
Above 185% of poverty---	112	121	127	+6
130%-185% of poverty----	47	50	53	+3
Below 130% of poverty---	<u>762</u>	<u>819</u>	<u>861</u>	<u>+42</u>
	921	990	1,041	+51
Average participation (millions)-----	5.5	5.9	6.2	+.3
Average subsidy per meal (cents):				
Paid-----	18.8	19.1	19.6	+.5
Reduced price:				
Regular-----	64.8	66.5	69.3	+2.8
Severe need-----	82.6	84.8	87.9	+3.1
Free:				
Regular-----	94.9	96.6	99.4	+2.8
Severe need-----	112.6	114.7	117.9	+3.2
PROGRAM TOTAL - Current Law (millions)	\$889.2	\$950.4	\$1,027.2	+76.8

- (4) An increase of \$175,612,000 in the appropriation for the Child and Adult Care Food Program (\$1,467,836,000 available in 1994).

Need for Change. The current request projects an increase of 193 million meals for Fiscal Year 1995 in child care centers, family day care homes and adult day care centers.

The rise in reimbursement rates on July 1 reflecting increases in the CPI for Food Away from Home will contribute to the need for increased funding.

Nature of Change. An appropriation level of \$1,643,448,000 will be needed in Fiscal Year 1995 to provide full reimbursement for meals served in the Child and Adult Care Food Program.

Child and Adult Care Food Program
Program Performance Data

	1993 <u>Actual</u>	1994 <u>Estimate</u>	1995 <u>Estimate</u>	<u>Change</u>
Meals served (millions):				
Centers				
Above 185% of poverty--	188	217	238	+21
130%-185% of poverty---	49	57	63	+6
below 130% of poverty--	<u>389</u>	<u>465</u>	<u>545</u>	<u>+80</u>
	626	739	846	+107
Family Day Care Homes-----	664	744	830	+86
Average subsidy per meal (cents):*				
Above 185% of poverty--	16.2	16.5	16.9	+.4
130%-185% of poverty---	87.7	90.5	98.0	+7.5
Below 130% of poverty--	<u>117.9</u>	<u>119.7</u>	<u>124.8</u>	<u>+5.1</u>
Commodities-----	14.0	14.0	14.4	+.4
*Family Day Care Homes--	109.9	112.3	123.8	+11.5
PROGRAM TOTAL - Current Law (millions)	\$1,221	\$1,468	\$1,643	+175

*Rates are a blend of all reimbursement levels within an income category.

(5) A net increase of \$23,673,000 in the appropriation for the Summer Food Service Program (\$232,891,000 appropriated in 1994). The increase consists of:

- (a) A decrease of \$163,000 for administrative efficiency below the Fiscal Year 1995 current services level.
- (b) An increase of \$20,000 for pay costs.
- (c) An increase of \$23,816,000 in grants to States for the Summer Food Service Program.

Need for Change. An increase of 7.6 million meals is projected for Fiscal Year 1995 for a total of 124.9 million meals. The projected rise in the reimbursement rate on January 1 reflecting increases in the CPI for Food Away from Home will contribute to the need for increased funding.

Nature of Change. An appropriation of \$256,564,000 will be needed in the Summer Food Service Program in Fiscal Year 1995 to provide full reimbursement for meals served and continuation of program operations.

Summer Food Service Program
Program Performance Data

	1993 <u>Actual</u>	1994 <u>Estimate</u>	1995 <u>Estimate</u>	<u>Change</u>
Meals served (millions):				
Summer Food Program----	109.2	117.3	124.9	+7.6
Average subsidy per meal (cents):				
Summer rates:				
Lunch-----	204.2	208.3	216.0	+7.7
Breakfast-----	113.8	116.0	120.0	+4.0
Supplements-----	54.0	55.0	57.0	+1.5
PROGRAM TOTAL - Current Law (millions)-----	\$228.0	\$232.9	\$256.6	+23.7

Staff Years:

Reviews	15	20	19	-1
Direct Administration	<u>20</u>	<u>20</u>	<u>18</u>	<u>-2</u>
Total Staff Years:	35	40	37	-3

- (6) An increase of \$8,209,000 in the appropriation for State Administrative Expenses (\$85,832,000 appropriated in 1994). The increase consists of:

- (a) An increase of \$18,000 for pay costs which will provide for the effects of inflation.
- (b) An increase of \$8,191,000 for State administrative expenses.

Need for Change. The increase is due to the rise in meal service in Fiscal Year 1993 which is the base year for grant formulation.

Nature of Change. An appropriation of \$94,041,000 will be needed in Fiscal Year 1995 for State Administrative Expenses. Each State will receive a grant of at least one percent of the funds expended by the State during Fiscal Year 1992 with a minimum grant of \$100,000. The funds available above the basic grant will be allocated to the States to improve program administration.

State Administrative Expenses. State Administrative Expense funds are used for State employee salaries, benefits, support services and office equipment. The total amount of State Administrative Expenses available for allocation to States is equal to 1.5 percent of Federal cash program payments for the National School Lunch, School Breakfast, Child and Adult Care Food and Special Milk Programs in the second previous fiscal year. Some States are prohibited by law and some States choose not to administer the programs in private schools and institutions. In these States, FNS directly administers the programs through its regional offices. In Fiscal Year 1995, approximately \$0.5 million of the estimated \$94 million in State Administrative Expense funds will be applied to FNS costs of directly operating Child Nutrition Programs in seven States. In Fiscal Year 1994, New York will begin operation of the CACFP, relieving FNS of this responsibility. Staff years currently assigned to this work will be reassigned to other work.

- (7) A net increase of \$20,436,000 in the appropriation for Commodity Procurement (\$234,881,000 available in 1994). The increase consists of:

- (a) A decrease of \$539,000 for administrative efficiency below the Fiscal Year 1995 current services estimate.
- (b) An increase of \$20,975,000 for commodity procurement activities.

Need for Change. Overall Federal entitlement commodity support will increase by about \$20 million in Fiscal Year 1995 as required by law.

Nature of Change. An appropriation of \$255,317,000 will be needed to fund all aspects of commodity procurement in Fiscal Year 1995.

Commodities. FNS commodity activity includes funding for food as well as for administrative costs associated with purchasing, distributing and tracking child nutrition commodities. In Fiscal Year 1995, \$719,000 is budgeted for Agricultural Marketing Service administrative costs resulting from commodity purchasing and shipping activities. Administrative costs budgeted for the Agricultural Stabilization and Conservation Service total about \$1.9 million. Computer support costs for the Software Renewal Project, State connectivity, and the National Computer Center (NCC) processing total \$1.3 million. Funding is also included for the operation of PCIMS which was developed to provide more accurate information on commodity purchases, allocation and payments. The current estimate for 1995 reflects a change in the projected commodity reimbursement rate based on a forecast of the Producer Price Index.

Commodity Cost Data
(\$ millions)

	1993 <u>Actual</u>	1994 <u>Estimate</u>	1995 <u>Estimate</u>	<u>Change</u>
School Lunch:				
CN Appropriation:				
Commodity Purchases-----	195.8	186.0	203.2	+17.2
Administrative Costs				
Computer Support-----	.6	1.3	1.3	--
AMS Admin-----	.1	.5	.7	+.2
ASCS Admin-----	.8	1.7	1.9	+.2
PCIMS-----	.8	2.8	3.3	+.5
Section 32 Commodities-	<u>400.0</u>	<u>400.0</u>	<u>400.0</u>	<u>--</u>
School Lunch Total-----	598.1	592.3	610.4	+18.1
Child and Adult Care				
Commodities/Cash-----	31.3	41.3	43.6	+2.3
Summer Food Service				
Commodities	1.2	1.3	1.3	--
TOTAL COMMODITY COSTS				
(Current Law)	\$630.6	\$634.9	\$655.3	+20.4

(8) No net change in the appropriation for the Coordinated Review Effort (\$3,849,000 available in 1994). The request consists of:

- (a) A decrease of \$197,000 for administrative efficiency below the Fiscal Year 1995 current services estimate.
- (b) An increase of \$161,000 in the funding level for school operations.
- (c) An increase of \$36,000 for pay costs.

Need for Change. The Coordinated Review Effort (CRE) was authorized by P.L. 101-147, the WIC and Child Nutrition Reauthorization Act of 1989. Federal personnel work with State and local personnel to conduct management evaluations and local program reviews to ensure that meals are being counted and claimed accurately.

Nature of Change. An appropriation of \$3,849,000 will be needed in Fiscal Year 1995 to fund the Coordinated Review Program.

(9) An increase of \$18,124,000 in the appropriation for Nutrition Education, Nutrition Studies and Surveys, the Food Service Management Institute and the Dietary Guidelines (\$18,012,000 available in 1994).

Need for change. This amount represents a decrease of \$172,000 in studies and surveys, a decrease of \$147,000 in the Food Service Management Institute, an increase of \$8,443,000 for implementing the Dietary Guidelines, and an increase of \$10,000,000 for Nutrition Education Assistance. This increase expands the Agency's and States' capability to make changes to conform to the Dietary Guidelines in meals and provide basic levels of nutrition education.

Nature of change. An appropriation of \$36,136,000 will be needed to fund these activities in Fiscal Year 1995.

Nutrition Studies and Surveys is authorized in Section 6(a)(3) of the National School Lunch Act for necessary surveys and studies of the requirements for food service programs. The 1995 request of \$3,663,000 will be used to fund studies of program operations and to assist in implementation of the Dietary Guidelines.

Nutrition Education and Training. The requested funding level of \$10,270,000 for the Nutrition Education and Training Program is within the level authorized in Section 19(1)(2) of the Child Nutrition Act of 1966.

Food Service Management Institute. The request includes \$1,706,000 for maintenance of operations at the Food Service Management Institute, which was authorized by Public Law 101-147.

Dietary Guidelines. This funding will continue to provide support to schools and child care providers in implementing the Dietary Guidelines for Americans in food service operations. The request of \$20,497,000 will support all Child Nutrition Programs and provide meal pattern analysis and assessment, menu planning technical aids, recipe development, training and assistance to State and local food service operators and provide incentives for school districts to meet the Dietary Guidelines. Increased technical assistance is necessary for school districts to implement the Dietary Guidelines in food service by 1998. The funding level will also allow the Secretary to develop national nutrition education programs for pre-school and school-age children. FNS will use the Department's extensive electronic resources to provide print and video nutrition education materials for audiences served by the Child Nutrition Programs.

CHILD NUTRITION PROGRAMS

STATUS OF PROGRAM

Child Nutrition Programs

The National School Lunch and Child Nutrition Acts as amended, authorize a number of food service programs for children in schools and other institutional settings. These programs include the National School Lunch, School Breakfast, Child and Adult Care Food and Summer Food Service Programs. In addition, the Child and Adult Care Food Program provides for food service for certain impaired adults. Each of these programs uses the same income poverty thresholds, their administrative structures are similar including emphasis on nutrition and nutrition education, and some entities can operate several of the programs at the same time. The Acts also authorize funding to help States pay the administrative expenses associated with these programs, for a Nutrition Education and Training Program and for the costs of certain nutrition studies and surveys. Funds are also provided for the continued support of a Food Service Management Institute, the Processed Commodity Inventory Management System (PCIMS) and the computer support activities which aid in transition from contractor to FNS in-house maintenance of Special Nutrition Programs software renewal systems.

The Food and Nutrition Service (FNS) is responsible for the nationwide administration of the Child Nutrition Programs. Cooperating State agencies administer the programs in public schools and institutions. A number of State agencies administer the programs for nonprofit private schools and institutions as well. However, some States are prohibited by law and some States choose not to administer the programs in private schools and institutions. In these States, FNS directly administers the programs through its regional offices. Nonetheless, under the Omnibus Reconciliation Act of 1981, P.L. 97-35, no State which administered the Child Nutrition Programs since October, 1980 can request that FNS administer them.

National School Lunch Program

States are reimbursed on the basis of the number of meals served to children in participating schools at reimbursement rates which vary according to family need. Children from families which meet certain income guidelines can qualify for free or reduced price lunches. Income eligibility for free meals is set at or below 130 percent of the Federal income poverty guidelines and eligibility for reduced price meals is set at between 130 and 185 percent. For the period July 1, 1993 to June 30, 1994, a child from a family of four with an annual income of \$18,655 or less will be eligible for free meals, and for reduced price meals if the family income is no more than \$26,548.

On an average school day in Fiscal Year 1993, an estimated 24.8 million children participated in the National School Lunch Program, compared to an estimated 24.6 million children in Fiscal Year 1992. The total number of participating schools and residential child care institutions increased from about 92,660 in Fiscal Year 1992 to about 92,947 during Fiscal Year 1993.

Per-meal reimbursement rates for meals served are revised on July 1 of each year. For the period July 1, 1993 to June 30, 1994, the cash reimbursement rates are as follows: section 4 rate paid for all eligible meals is \$0.1650; section 11 free rate is \$1.5600; section 11 reduced price rate is \$1.1600. The cash reimbursement per free or reduced price meal is the sum of section 4 and section 11 reimbursement rates. In addition, the commodity assistance rate is \$0.14 for all eligible meals. School food authorities which served 60 percent or more free and reduced price lunches during the second preceding year receive increased assistance at the rate of \$.02 per meal served. The following table compares the lunches served in the three income categories for Fiscal Years 1992 and 1993.

	<u>FY 1992</u>	<u>FY 1993</u>	<u>Percent Change</u>
Number of lunches served (millions):			
Upper income	1,926	1,873	-2.8
Lower income	285	288	+1.0
Low income	<u>1,891</u>	<u>1,978</u>	<u>+4.6</u>
Total Lunches	4,102	4,139	+ .9

School Breakfast Program

This program, initially authorized as a two-year pilot program under the Child Nutrition Act of 1966, was made permanent in October 1975. For each breakfast served, schools are reimbursed at established free, reduced price and paid meal rates. Schools which serve 40 percent or more of their lunches during the second preceding school year at the reduced price and/or free rates are eligible for "severe need" assistance calculated at established rates.

The income eligibility guidelines for the School Breakfast Program are the same as those for the National School Lunch Program. The School Breakfast Program is available to the same schools and institutions as the National School Lunch Program.

In Fiscal Year 1993, school breakfasts were available to approximately 26.5 million children daily in schools and institutions. Between October 1992 and October 1993, the number of schools and institutions participating in the breakfast program increased by about 8.7 percent. The average number of children eating breakfasts daily increased from an estimated 4.9 million in Fiscal Year 1992 to an estimated 5.5 million in Fiscal Year 1993. In Fiscal Year 1993, 921 million breakfasts were served as compared to 853 million in Fiscal Year 1992.

The rates in effect from July 1, 1993 to June 30, 1994 are as follows: paid rate - \$0.1900; regular reduced price rate - \$0.6600; regular free rate - \$0.9600; severe need reduced price rate - \$0.8425; severe need free rate - \$1.1425.

The Child Nutrition and WIC Reauthorization Act of 1989 authorized \$5 million in Fiscal Years 1991-1994 for startup grants for new school breakfast programs serving low-income children. Through Fiscal year 1993, a total of \$18 million in startup grants have been awarded in 38 States. Grants were awarded on the basis of need, number of children to be added to the Program, and feasibility and cost-effectiveness of States' proposals. Grant money was spent by school districts for capital expenditures, equipment, outreach materials and training of food service staffs.

Summer Food Service Program

The Summer Food Service Program, authorized under section 13 of the National School Lunch Act, provides funds for food service for needy children during summer vacation. Service institutions eligible to participate in this program are limited to those serving children from areas in which poor economic conditions exist. Furthermore, these institutions must be public or private non-profit schools, other public entities, sites serving homeless children, colleges and universities that operate the National Youth Sports Program, private non-profit organizations that meet certain criteria and residential camps. Meals are served free to all participants ages 1-18 and are limited to lunch and either breakfast or a supplement, except in summer camps and migrant programs which may serve breakfast, lunch, supper and a supplement to each participant daily.

In addition to cash support, commodities are distributed to summer program sponsors that are schools and/or prepare their own meals or obtain them from schools. Funds are also made available to conduct health inspections and to defray State and local administrative costs.

In the summer of 1993, FNS administered the program in six States. The balance of the program was operated by State agencies. During July, the peak month of program operations, approximately 2.1 million children participated in the program. Over the course of the summer, an estimated 109 million meals were served at an estimated cost of \$228 million.

Child and Adult Care Food Program

Authorized under section 17 of the National School Lunch Act, the Child and Adult Care Food Program provides cash and commodities or cash-in-lieu of commodities for food service for children in non-residential child care centers and family day care homes and for chronically impaired adults and persons 60 years of age or older who are enrolled in adult day care centers. The centers must be either nonprofit facilities, or for-profit centers with at least 25 percent of their enrollment receiving Title XX funds. As part of a demonstration project, homeless children under age 6 are also eligible for the program if they reside in approved emergency shelters. Adult day care centers may also participate if 25 percent of their enrollment receives Title XIX funds. Providers must be licensed or approved according to Federal, State or local standards. In addition, funds are made available to the States for audit expenses associated with the administration of the Child and Adult Care Food Program. Effective, April 1, 1993, the New York State

Department of Health assumed responsibility from FNS for administration of the Child and Adult Care Food Program in New York. FNS now directly administers the Child and Adult Care Program in one State--Virginia.

The Child and Adult Care Food Program operates two separate components, depending upon whether food is provided to recipients in child care centers or child care homes. Overall in Fiscal Year 1993, average daily attendance was approximately 1.9 million participants, as compared to 1.8 million in Fiscal Year 1992. The number of meals served increased by 9.3 percent from 1.18 billion meals in Fiscal Year 1992 to about 1.29 billion meals in Fiscal Year 1993. About 1.1 million participants were served in centers and 800,000 in homes. Centers average about 70 children and receive free, reduced price and paid meal reimbursements under the program via taking income applications and counting meals served by type and by recipient eligibility type. Homes typically have 5 or 6 children and receive a single reimbursement rate for each meal.

Commodity Procurement

The commodity subsidy for the National School Lunch, and Child and Adult Care Food Programs is authorized by section 6(e) of the National School Lunch Act and is based on a "rate per meal" concept; while section 13(h) authorizes commodity assistance for the Summer Food Service Program. For Fiscal Year 1993, schools, day care centers, and residential institutions were authorized to receive an average of 14.0 cents worth of commodities for each lunch or supper. USDA also provides commodities which are acquired through the price support and surplus removal programs. Therefore, schools and institutions receive both the commodities under the rate per meal subsidy, called "entitlement" commodities, and the commodities which USDA acquires through agricultural programs called "bonus commodities" and donates them to schools.

In Fiscal Year 1993, food and cash, in lieu of commodities valued at \$710.7 million, was provided for the National School Lunch, Child and Adult Care Food and Summer Food Service Programs. This amount includes \$90.2 million of food given to States from Commodity Credit Corporation (CCC) inventories and section 32 surplus removal operations. An additional \$44.3 million in cash-in-lieu of commodities was distributed for child care food programs, which may opt for commodities or cash, to the State of Kansas, the Republic of Palau, and to sites which participated in the study of alternatives to commodity donation and received their commodity assistance in the form of cash-in-lieu of commodities or Commodity Letters of Credit. For the school programs, excluding Kansas, the Republic of Palau, and the school districts which participated in the study, 100 percent of the authorized commodity subsidy in school year 1993 was provided through food donations.

In Fiscal Year 1993, the value of the cash/commodity entitlement was computed to be \$618.1 million for the National School Lunch, Summer Food and Child and Adult Care Food Programs. As with the cash subsidy, this amount was the product of the estimated number of total meals times the commodity rate for the National School Lunch, Child and Adult Care Food Programs, and the Summer Food Service Program. Public Law 101-147 included a new provision for annual reconciliation of commodity assistance or cash-in-lieu of commodities provided to each State. The commodity entitlement will now be based on the meal data from the preceding school year.

For Fiscal Year 1993, commodity assistance to Child Nutrition Programs (including commodities, cash-in-lieu of commodities and administrative costs) totaling \$620.5 million was funded by using \$389.9 million from section 32 funds and \$230.6 million from Child Nutrition Programs appropriated funds. Section 6(e) funds are used to provide cash-in-lieu of commodities when authorized by law. The areas currently receiving cash-in-lieu of commodities are the State of Kansas, the sites which participated in the study of alternatives to commodity donation and which received commodity assistance in the form of cash-in-lieu or Commodity Letters of Credit, nonresidential child care institutions electing to receive their commodity entitlements in cash, and the Republic of Palau. Funding is also included for the Processed Commodity Inventory Management System which integrates the commodity purchasing, tracking, shipping and payments for the commodity activities of FNS, AMS and ASCS. In Fiscal Year 1993, this amounted to a total of \$664 million for commodities used in FNS programs. This computerized system provides greater efficiency, increased accuracy, and more timely and improved reporting capabilities for all users.

Commodity Donations

In addition to commodities purchased to fulfill the Child Nutrition Programs' entitlement, commodities that are acquired by USDA through its agricultural programs may be donated to schools and other institutions when available in inventory in

sufficient quantities. There are two types of agricultural programs through which commodities are acquired: the price support program and the surplus removal program.

Price Support. During Fiscal Year 1993, the Department donated the following products under the Price Support Program: butter, butter oil, and cornmeal. Section 416 bonus donations to the Child Nutrition Programs were estimated at \$50.8 million in Fiscal Year 1993.

Surplus Removal Program. In Fiscal Year 1993, about \$39.4 million in section 32 bonus commodities were delivered to schools and other eligible child nutrition outlets under the Surplus Removal Program authority. The following table shows the type and value of commodities purchased or donated and the amount of cash-in-lieu of commodities allocated in Fiscal Year 1993.

Value of Commodities in the Child Nutrition Programs

Fiscal Year 1993

	Value (\$ in millions)
Financed with funds appropriated to FNS:	
Meats, poultry, fruit and vegetables.....	57.7
Grains, oils, peanut products, cheese and flour.....	126.2
Subtotal: Entitlement commodities.....	183.9
Kansas and the Republic of Palau.....	7.3
Child and Adult Day Care Food Program.....	29.2
Study: Alternatives to Commodity Donations..	7.8
Subtotal: Cash in lieu of entitlement commodities.....	44.3
AMS & CCC reimbursement.....	.9
Processed Commodity Inventory Management System.....	.8
Update Commodity System Computer Software...	.7
Subtotal: Cash for Administrative Expenses.....	2.4
TOTAL: All FNS funds.....	230.6

	Value (\$ in millions)
Financed with funds appropriated to CCC or AMS and "donated" to FNS:	
Meat, poultry, fish, fruits and vegetables (AMS).....	389.9
CCC commodities.....	0.0
Subtotal: Entitlement Commodities.....	389.9
Butter and cornmeal.....	50.8
Fruits and vegetables (AMS).....	39.4
Subtotal: Bonus Commodities.....	90.2
TOTAL: Entitlement commodities and cash-in-lieu.....	618.1
TOTAL: Bonus commodities.....	90.2
TOTAL: Administrative expenses.....	2.4
GRAND TOTAL.....	710.7

State Administrative Expenses

FNS makes funds available to the States for program administration and for supervision and technical assistance in local school districts and child care institutions. The Fiscal Year 1993 appropriation was \$77.1 million for State Administrative Expenses. An additional \$5.5 million was made available from recoveries and carryover for a total funding level of \$82.6 million.

Of this amount \$66.6 million was allocated to States under the basic legislative formulas for program administration, an additional \$10.4 million was made available to States to supplement the basic formulas, and \$1.1 million was redistributed to States for justified administrative needs through the reallocation process. Of the amounts allocated to the States for their program administration, \$46.5 million was

for administration of the school food programs, \$26.5 million was for the administration of the Child and Adult Care Food Program, and \$4.0 million was for the administration of the Food Distribution Program.

Funds for State Administrative Expenses are available to the States for obligation for two years--the year of appropriation and the following year. Thus, States can carry over these funds from the first year into the second year. Preliminary reports indicate that the amount of funds carried over at the State level from Fiscal Year 1993 into Fiscal Year 1994 was about \$15.0 million, an amount equal to 19.4 percent of the Fiscal Year 1993 appropriation for State Administrative Expenses. The State agency may carry over up to 20 percent of the initial allocation amount each fiscal year. Carryover exceeding the 20% limit is recovered. These recovered funds are to be used to provide food service in homeless demonstration projects authorized through Fiscal Year 1994. In accordance with section 7(a)(5)(B)(i) of the Child Nutrition Act of 1966, as amended by P.L. 102-512, at least \$1 million but not more than \$4 million is to be allocated for this purpose in Fiscal Year 1994. For Fiscal Year 1993, \$1 million in SAE funds was allocated for homeless demonstration projects. Approximately \$500,000 of this amount was used. Any funds remaining after the allocation to the homeless demonstration projects are to be allocated to State agencies with a demonstrated need for additional administrative funds.

Child Nutrition Program Research

Agency research priorities for Fiscal Year 1993 included a study to determine the actual costs to produce a school lunch and breakfast, and a study to evaluate the effects a multi-use school lunch application on lunch participation rates. The Agency also continued a dietary assessment of Child Nutrition Programs and studies of food service management companies and the Adult Day Care component of the Child and Adult Care Food Program. In addition, the agency continued a number of congressionally mandated demonstrations, studies, and reports including demonstrations to increase low income participation in the Child and Adult Care Food Program and to serve children in homeless shelters; and studies of alternative counting procedures to reduce paperwork in the National School Lunch Program.

Studies conducted during Fiscal Year 1993 include:

- o School Nutrition Dietary Assessment (SNDA). This study was designed to describe the nutrients and food contained in meals served to students by a nationally representative sample of 545 schools. This study also described the dietary intake of a representative sample of 3,350 students on a typical school day. The foods and nutrients that were offered to students by schools, and the foods and nutrients that were consumed by students over the course of the day, were compared to RDA requirements. Nutrients and foods were also compared to nutrition goals described in the Dietary Guidelines for Americans. The SNDA study found that school meals met RDA standards for nutrients, but did not meet the Dietary Guidelines for total fat.
- o Child Nutrition Program Operations Study--Third Year Report. This three-year panel study was designed to provide descriptive data on Child Nutrition Program characteristics from a nationally representative sample of 1,740 School Food Authorities (SFAs). The third year of the study provides a snapshot of school-based Child Nutrition Programs during School Year 1990-91. This study describes participation in the National School Lunch Program and the School Breakfast Program; meal prices; operations of the Food Donation Program; training and technical assistance; commercial food service vendors; and after-school care. The following findings were reported:
 - o student participation in the NSLP remained relatively constant between School Year 1987-88 and School Year 1989-90.
 - o the School Breakfast Program is available to an increasing number of students.
 - o School Food Authorities reported that reductions in the level of bonus commodity donations had affected their food service operations. Commercial food purchases were increased.
- o Child Nutrition Homeless Demonstration--Year Two. This homeless shelter demonstration was designed to determine the feasibility of providing year-round food assistance to preschool children (under age 6) in homeless shelters. Unlike older homeless children, preschoolers do not have access

to school meals. The Year 2 study found that all participating shelters were able to operate the Child Nutrition Program, and that meal quality increased as a result of the demonstration.

- o School Lunch and Breakfast Cost Study. The primary objective of this study is to determine the full cost of producing reimbursable meals in the National School Lunch Program and School Breakfast Program, including indirect and local administrative costs. This study will estimate these costs using the Meal Cost Methodology Study direct measurement approach in a nationally-representative sample of approximately 100 School Food Authorities (SFAs).
- o 1990 Farm Bill School Lunch Studies. The 1990 Farm Bill (P.L. 101-624) requires the Secretary to examine several issues affecting the National School Lunch Program (NSLP). This study examines the impact of changes in bonus commodity donation levels on the NSLP. The first objective is to determine the quantity of bonus commodities lost, by State, since the 1987-88 school year. The study will also examine the change in determining the price that school food authorities charge.
- o Early Childhood and Child Care Study. This study will examine the nutritional aspects of the child component of the Child and Adult Care Food Program (CACFP). A three-stage cluster sample will be used to develop nationally generalizable estimates of (a) the nutrient content of CACFP meals offered by Head Start child care centers, non-Head Start child care centers, and family day care homes; (b) the extent to which CACFP meals offered by providers meet the Recommended Daily Allowance (RDA) and the dietary intake of the children who participate.

Coordinated Review Effort

FNS conducts National School Lunch Program (NSLP) reviews in cooperation with State agencies to improve school management of the program and to evaluate the accuracy of local meal service data, and provides training and technical support to schools to help improve local program accountability. During School Year 1992, the transition year between the Assessment Improvement & Monitoring System (AIMS) and the Coordinated Review Effort approximately, 7,800 schools in 4,900 school food authorities were reviewed. The result of these reviews was a total of \$687,590 in overclaims and \$20,400 in underclaims nationwide. Reviews under AIMS are not as specific as CRE reviews. As a result, errors by type and overclaims collected are not available on a nationwide basis. Data for School Year 1993, the first full year for the Coordinated Review Effort, will be available in March 1994. FNS fully participates in the conduct of these reviews along with State agencies and anticipates a substantial increase in funds recovered by State agencies based on the improved system. FNS also believes Coordinated Review encourages schools to do a better job and so, in effect, deters a substantial amount of error.

Nutrition Education and Training Program

The Nutrition Education and Training (NET) Program is authorized by section 19 of the Child Nutrition Act. The program provides funds for training school food service personnel in food service management, instructing teachers in nutrition education and teaching children about the relationship of nutrition to health in order to assist them in making wise food choices.

In Fiscal Year 1993, \$10 million was allocated among the States for the NET Program. Final Fiscal Year 1992 State agency reports show that approximately 95 thousand school food service personnel, 145 thousand teachers, and 6.7 million children participated in NET funded projects. During 1994, data is being collected from the States on their key accomplishments and outcomes resulting from the operation of the NET program.

National Commodity Processing Program (NCP)

Using broad CCC authorities and specific Congressional authorities of Public Law 98-8, the Emergency Food Assistance Act, Public Law 99-198, the Food Security Act of 1986, and Public Law 100-237, the Commodity Distribution Reform Act and WIC Amendments of 1987, and the FACT Act of 1990, the Department distributes surplus agricultural commodities from the Commodity Credit Corporation to various outlets using processing agreements with private companies. The NCP Program is authorized through September 30, 1995. Under NCP, the Food and Nutrition Service enters directly into agreements with private food processors to convert specifically designated surplus commodities into a variety of finished end products. Processors holding agreements with FNS sell these products at reduced prices to

recipient agencies eligible to receive surplus donated commodities. The price reductions reflect the value of donated ingredients contained in the end product.

To ensure program integrity, there is a management information system centralized at the Kansas City Computer Center. This system is an integrated data base capable of storing and editing data and generating management reports for the NCP Program. In this system, data on the more than 32,300 registered recipient agencies, processors, end products, sales and inventory balances are maintained. This computerized management information system has been recognized by private industry and State governments as a model of good management.

In addition to claims determined through evaluation of data contained in the management information system, the Office of Inspector General (OIG) has conducted audits of several companies participating in the NCP Program. Based on the results of these audits, additional claims have been issued. As a result of all these monitoring activities, FNS has recovered in excess of \$7.7 million since the program began in Fiscal Year 1982.

The Processed Commodity Inventory Management System (PCIMS).

The Processed Commodity Inventory Management System (PCIMS) is a tri-agency computer system that supports the Food Distribution Programs of the Department. The Food and Nutrition Service (FNS), the Agricultural Marketing Service (AMS) and the Agricultural Stabilization and Conservation Service (ASCS) use the system to carry out their functions relative to commodity program administration. Fiscal Year 1993 was the first full year of operation.

Currently, PCIMS functions include procurement and delivery of commodities; order processing; entitlement and payment tracking; as well as fund accounting and control for 11 different commodity programs. Accomplishments for Fiscal Year 1993 include:

- o Developed a plan for implementation of electronic data exchange. A pilot project is planned for Fiscal Year 1994;
- o Determined user requirements for on-line funds control which will prevent over obligation and expenditure of commodity funds;
- o Implemented commodity procurement reconciliation procedures and concluded reconciliation of all outstanding prior year balances among the three Agencies.

Suspension and Debarment

FNS has developed procedures and systems to evaluate and process cases subject to the Department's Nonprocurement Suspension and Debarment Authority. Liaison relationships have been established with the Department of Justice and the Defense Logistics Agency. Due to an increase in nonprocurement suspension and debarment case-referrals in Fiscal Year 1993, FNS activity with respect to nonprocurement suspension and debarment actions has increased greatly. FNS has received information concerning criminal milk bid-rigging activity on approximately 50 cases of companies and individuals that may result in a suspension or debarment action. To date, FNS has taken administrative action in five cases in accordance with its authority under the governmentwide Common Rule on Nonprocurement Debarment and Suspension. Two dairies were notified that debarment proceedings would not be initiated due to the protection to FNS programs granted under the Administrative Agreement the companies entered with the Defense Logistics Agency. FNS intends to continue aggressive action on all cases involving firms or individuals found guilty of milk bid-rigging.

SPECIAL MILK AND CHILD NUTRITION PROGRAMS
FINANCING FOR FISCAL YEAR 1993

State or Territory	Special Milk Program	School Lunch	School Breakfast	State Admin. Expenses	Commodities and Cash in Lieu of Commodities	Child and Adult Care	Summer Food Service	NET	Total Program Contribution
Alabama	\$32,401	\$89,050	\$17,622	\$1,617,744	\$16,289,754	\$21,813	\$4,619,538	\$155,945	\$150,910,859
Alaska	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Arizona	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Arkansas	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
California	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Colorado	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Connecticut	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Delaware	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
District of Columbia	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Florida	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Georgia	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Hawaii	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Idaho	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Illinois	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Indiana	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Iowa	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Kansas	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Kentucky	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Louisiana	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Maine	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Maryland	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Massachusetts	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Michigan	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Minnesota	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Mississippi	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Missouri	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Montana	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Nevada	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
New Hampshire	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
New Jersey	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
New Mexico	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
New York	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
North Carolina	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
North Dakota	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Ohio	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Oklahoma	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Oregon	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Pennsylvania	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Rhode Island	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
South Carolina	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
South Dakota	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Tennessee	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Texas	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Utah	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Vermont	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Virginia	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Washington	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
West Virginia	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Wisconsin	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Wyoming	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
American Samoa	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Guam	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
North Mariana Island	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Puerto Rico	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Trust Territory (excluding NM)	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Virgin Islands	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Indian Tribes Set Asl	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Indian Tribes	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Freely Associated States	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
DOD Army/AF/USMC/Navy	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
AMS/ASCS/PCIMS/SRP Adm.Ex	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Undistributed	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
TOTAL	\$19,108,710	\$4,129,943,939	\$899,177,650	\$78,475,928	\$710,632,000	\$1,221,174,101	\$228,006,309	\$9,999,875	\$7,296,518,512

NOTE: Data is based on obligations as reported September 30, 1993. Commodities are based on preliminary food orders for fiscal year 1993. Totals may not add due to rounding.

CHILD NUTRITION PROGRAMS
Quantity and Value of Commodities

School or Fiscal Year 1993

Page 1 of 2

ENTITLEMENT COMMODITIES	Thousands of Pounds	Thousands of Dollars
SECTION 6/32 TYPE:		
APPLE SLICES, CANNED	11,830	\$4,808
APPLES, FRESH	5,510	1,383
APPLESAUCE, CANNED	22,430	6,397
BEANS, DRY	320	123
BEANS, DRY CANNED	10,369	2,524
BEANS, GREEN, CANNED	27,760	7,857
BEANS, GREEN, FROZEN	3,561	1,209
BEANS, REFRIED, CANNED	4,710	1,469
BEANS, VEGETARIAN	7,041	1,424
BEEF PATTIES, FRZ	10,597	14,335
BEEF PATTIES, FRZ W/VPP	22,514	25,067
BEEF PATTIES, EXTRA LEAN	6,771	10,736
BEEF, FROZEN GROUND	92,698	116,522
BEEF, CANNED N/J	504	753
BEEF, FRZ GRD COARSE-PROCESS	12,390	16,035
BLUEBERRIES, FRZ	4,151	3,460
BLACKBERRY FRZ	1,261	964
CHERRIES, FROZEN	7,082	2,911
CHICKENS, CHILLED BULK	10,188	5,594
CHICKENS, CHILL LEG	9,108	4,807
CHICKENS, FROZEN, CUT-UP	31,737	19,869
CHICKENS, FRZ BREADED	11,424	12,544
CHICKENS, NUGGETS FRZ SOC	2,652	4,183
CHICKENS, DICED FRZ	5,271	12,074
CHICKENS, PATTIES SOC	78	121
CORN, CANNED	28,774	9,932
CORN, FROZEN	3,913	1,428
EGGS, WHOLE FROZEN	13,092	6,066
MIXED FRUIT	8,508	4,260
PEACHES, CLING CANNED	22,126	10,537
PEACHES, FREESTONE CND	2,878	1,466
PEACHES, FREESTONE FRZ SLICED	6,374	4,059
PEARS, DICED	11,480	4,517
PEARS, HALVES	14,085	5,556
PEARS, SLICED	7,035	2,755
PEARS, BOSC FRESH	81	20
PEARS, D'ANJOU FRESH	3,521	944
PEAS, GREEN CANNED	10,033	2,577
PEAS, GREEN FROZEN	7,141	2,524
PINEAPPLE, CANNED	857	453
PLUMS, CANNED PITTED	2,263	850
PORK, CANNED W/NJ	540	680
PORK, FRZ GROUND	19,744	20,217
PORK, FRZ GRD COARSE-PROCESS	3,247	3,170
POTATO ROUNDS, FROZEN	21,468	6,453
POTATOES, OVEN FRY	21,299	6,121
RAISINS	4,818	2,470
SALMON, PINK CANNED	2	3
SALSA	2,320	824
SWEET POTATOES, SYRUP	6,231	2,541
TOMATO PASTE, CANNED	40	15
TOMATOES, CANNED	37	12
TUNA	5,406	5,820
TURKEY ROASTS, FROZEN	24,874	34,166
TURKEY, FROZEN GROUND	18,817	11,012
TURKEY, FROZEN WHOLE	12,406	7,612
TURKEY, CHILLED, BULK	13,752	8,212
TURKEY, FRZ GROUND BURGERS	3,348	3,166
Total Section 6/32 Type	622,466	\$447,608

continued on the next page

CHILD NUTRITION PROGRAMS
Quantity and Value of Commodities

School or Fiscal Year 1993

Page 2 of 2

ENTITLEMENT COMMODITIES	Thousands of Pounds	Thousands of Dollars
SECTION 416-TYPE:		
CHEESE, CHEDDAR	7,517	\$5,553
CHEESE, MOZZARELLA	17,649	23,095
CHEESE, PROCESS	35,926	47,654
FLOUR	114,493	14,483
FLOUR MIX SOC	168	52
GRITS, CORN	264	38
MACARONI	2,492	611
MFD, MILK	6,832	7,009
OATS, ROLLED	1,782	349
OIL, SALAD DRESSING SOC	133	41
OIL, VEGETABLE	31,505	10,011
PEANUT BUTTER	6,976	5,430
PEANUT GRANULES	148	157
PEANUTS, ROASTED	876	850
RICE, BROWN	42	7
RICE, MILLED	15,694	2,936
ROTINI	1,845	521
SHORTENING, LIQUID VEG	5,409	1,901
SHORTENING, VEGETABLE	11,010	4,560
SPAGHETTI, ENRICHED	3,784	956
Total Section 416-Type	264,544	\$126,214
Anticipated Adjustment		0
Total Commodity Entitlement	887,010	\$573,822
BONUS COMMODITIES		
SECTION 32-TYPE:		
ALMOND BUTTER		
ASPARAGUS, CANNED	483	\$371
ASPARAGUS, FROZEN	186	245
BEANS, CANNED PINTO	8,259	1,868
BEANS, DRY	2,596	685
BEANS, REFRIED	777	245
BEANS, VEGETARIAN	5,621	1,201
BLACKBERRY PUREE	1,370	1,060
CERRIES, FROZEN	9,185	3,952
CHICKENS, DRUMS	1,005	363
CHICKENS, LEG QTRS	1,549	488
CHICKENS, THIGHS	358	133
DATE PIECES	1,853	1,452
GRAPEFRUIT	771	127
GRAPE JUICE	8,389	2,837
ORANGE JUICE FRZ CONC	10,154	5,176
ORANGES	600	106
PEACHES FRZ	4,630	3,077
PEARS, HALVES	4,006	1,689
PEARS, SLICED	4,953	2,044
POTATOES, BAKING	1,438	235
POTATOES, DEHYDRATED	7,415	3,858
POTATOES, GRANULES	742	337
RASPBERRY PUREE, FROZEN	299	274
SALMON, PINK CANNED	2,250	53
TOMATOES, CRUSHED	7,079	2,145
TOMATO PASTE, CANNED	4,744	1,763
TOMATO SAUCE, CANNED	7,226	1,858
TOMATOES, CANNED	5,009	1,724
Total Section 32 Type	102,949	\$39,367
SECTION 416-TYPE:		
BUTTER	52,618	49,158
BUTTER SOC	473	375
BUTTER OIL	173	284
CORNMEAL	7,729	980
Total Section 416 Type	60,992	\$50,797
Total Bonus Commodities	163,941	\$90,163
TOTAL - ALL COMMODITIES	1,050,951	\$663,985
CASH IN LIEU OF COMMODITIES	0	44,251
AMS/ASCS/PCIMS ADMIN. EXPENSES	0	2,396
GRAND TOTAL	1,050,951	\$710,632

Source: Preliminary food orders for school or fiscal year 1993.

Note: Due to rounding, the individual entries may not add to the totals shown.

SCHOOL LUNCH PROGRAM
SCHOOLS, ENROLLMENT AND PARTICIPATION

FISCAL YEAR 1993

STATE OR TERRITORY	NUMBER OF SCHOOLS	ENROLLMENT (000)	PEAK PARTICIPATION (000)
Alabama-----	1,413	739	565
Alaska-----	379	103	45
Arizona-----	1,132	624	365
Arkansas-----	1,154	439	310
California-----	8,699	5,061	2,292
Colorado-----	1,421	577	295
Connecticut-----	1,011	458	226
Delaware-----	171	102	61
District of Columbia-----	179	80	47
Florida-----	2,728	1,979	1,174
Georgia-----	1,867	1,224	948
Hawaii-----	263	184	150
Idaho-----	531	219	140
Illinois-----	4,043	1,720	959
Indiana-----	2,202	984	602
Iowa-----	1,723	518	383
Kansas-----	1,674	473	316
Kentucky-----	1,573	683	521
Louisiana-----	1,773	823	691
Maine-----	736	210	106
Maryland-----	1,352	765	352
Massachusetts-----	2,079	854	441
Michigan-----	3,735	1,618	747
Minnesota-----	1,863	788	510
Mississippi-----	903	515	423
Missouri-----	2,462	884	562
Montana-----	501	149	87
Nebraska-----	963	275	203
Nevada-----	343	189	89
New Hampshire-----	478	179	87
New Jersey-----	2,586	1,541	505
New Mexico-----	755	323	183
New York-----	5,680	2,830	1,617
North Carolina-----	1,964	1,106	751
North Dakota-----	489	121	92
Ohio-----	4,034	1,836	943
Oklahoma-----	1,814	609	370
Oregon-----	1,298	480	250
Pennsylvania-----	3,673	1,768	985
Rhode Island-----	358	136	56
South Carolina-----	1,101	646	459
South Dakota-----	587	145	108
Tennessee-----	1,684	868	601
Texas-----	6,086	3,498	2,119
Utah-----	719	428	249
Vermont-----	341	100	49
Virginia-----	1,909	1,012	586
Washington-----	1,850	901	406
West Virginia-----	927	323	199
Wisconsin-----	2,351	840	487
Wyoming-----	390	99	58
American Samoa-----	0	0	0
Guam-----	44	34	21
North Mariana Island-----	0	0	0
Puerto Rico-----	2,724	731	486
Trust Territory (excluding NMI)-----	0	0	0
Virgin Islands-----	60	44	18
Indian Tribe Set Asi-----	0	0	0
Indian Tribes-----	0	0	0
Freely Associated States-----	0	0	0
DOD/ Army/AF/USMC/Navy-----	172	89	39
TOTAL-----	92,947	43,925	25,334

NOTE: These data are based in part on preliminary data submitted by State and local agencies and are subject to change as revised reports are received. Totals may not add due to rounding.

SCHOOL LUNCH PROGRAM
THOUSANDS OF LUNCHES SERVED

FISCAL YEAR 1993

STATE OR TERRITORY	TOTAL LUNCHES SERVED			
	PAID	REDUCED PRICE	FREE	TOTAL
Alabama-----	40,299	6,449	43,194	89,942
Alaska-----	3,131	742	3,207	7,080
Arizona-----	21,825	4,510	33,442	59,777
Arkansas-----	23,993	3,827	24,643	52,463
California-----	102,582	25,082	274,813	402,477
Colorado-----	24,923	3,960	17,894	46,777
Connecticut-----	19,855	2,496	14,040	36,391
Delaware-----	6,000	525	3,905	10,430
District of Columbia-----	853	309	6,572	7,734
Florida-----	70,762	14,793	114,408	199,963
Georgia-----	79,374	10,181	66,598	156,153
Hawaii-----	15,726	1,589	5,579	22,893
Idaho-----	12,458	2,384	7,571	22,413
Illinois-----	62,539	8,804	81,460	152,803
Indiana-----	65,250	5,279	29,188	99,717
Iowa-----	44,020	4,398	14,683	63,100
Kansas-----	30,913	4,551	14,948	50,412
Kentucky-----	40,523	5,725	35,573	81,821
Louisiana-----	40,205	7,474	61,051	108,731
Maine-----	8,758	1,521	6,677	16,956
Maryland-----	28,502	3,874	24,737	57,113
Massachusetts-----	38,858	3,374	27,298	69,531
Michigan-----	59,905	6,752	50,456	117,114
Minnesota-----	53,295	6,437	21,215	80,947
Mississippi-----	20,106	5,044	43,903	69,053
Missouri-----	50,912	5,650	32,896	89,458
Montana-----	7,720	1,309	5,183	14,212
Nebraska-----	20,747	3,084	8,715	32,546
Nevada-----	8,018	1,130	6,276	15,423
New Hampshire-----	10,234	1,034	3,486	14,754
New Jersey-----	43,655	6,534	42,313	92,502
New Mexico-----	8,171	2,811	18,422	29,403
New York-----	92,660	17,329	146,965	256,954
North Carolina-----	62,156	10,028	52,390	124,574
North Dakota-----	9,803	1,228	3,754	14,785
Ohio-----	84,193	8,897	60,915	154,004
Oklahoma-----	26,252	6,053	26,576	58,881
Oregon-----	20,474	3,431	16,083	39,987
Pennsylvania-----	90,092	10,699	59,311	160,101
Rhode Island-----	3,606	579	5,002	9,187
South Carolina-----	32,306	5,167	37,340	74,813
South Dakota-----	9,750	1,763	5,762	17,275
Tennessee-----	50,127	5,669	39,621	95,416
Texas-----	126,933	22,052	200,066	349,051
Utah-----	24,293	5,078	12,061	41,432
Vermont-----	4,318	554	2,538	7,411
Virginia-----	56,804	6,515	35,218	98,536
Washington-----	34,055	5,693	28,145	67,893
West Virginia-----	13,529	2,470	14,898	30,897
Wisconsin-----	49,224	5,408	23,898	78,529
Wyoming-----	5,718	865	2,746	9,329
American Samoa-----	0	0	0	0
Guam-----	2,219	178	929	3,325
North Mariana Island-----	0	0	0	0
Puerto Rico-----	4,972	5,067	57,079	67,119
Trust Territory (excluding NMI)-----	0	0	0	0
Virgin Islands-----	760	420	1,735	2,915
Indian Tribe Set Asi-----	0	0	0	0
Indian Tribes-----	0	0	0	0
Freely Associated States-----	0	0	0	0
DOD Army/AF/USMC/Navy-----	4,315	864	906	6,085
Anticipated Adjustment-----	0	0	0	0
TOTAL-----	1,872,667	287,636	1,978,286	4,138,589

NOTE: These data are based in part on preliminary data submitted by State and local agencies and are subject to change as revised reports are received. Totals may not add due to rounding.

SCHOOL BREAKFAST PROGRAM
SCHOOLS, ENROLLMENT, AND PARTICIPATION

FISCAL YEAR 1993

STATE OR TERRITORY	NUMBER OF SCHOOLS AND INSTITUTIONS	ENROLLMENT (000)	PEAK PARTICIPATION (000)
Alabama-----	970	469	126
Alaska-----	154	29	6
Arizona-----	881	503	101
Arkansas-----	1,049	390	108
California-----	4,469	2,975	645
Colorado-----	611	265	37
Connecticut-----	351	127	38
Delaware-----	151	90	12
District of Columbia-----	169	78	16
Florida-----	2,350	1,602	315
Georgia-----	1,329	802	236
Hawaii-----	236	164	26
Idaho-----	353	164	17
Illinois-----	1,674	810	145
Indiana-----	790	322	51
Iowa-----	1,035	232	35
Kansas-----	615	182	31
Kentucky-----	1,246	500	154
Louisiana-----	1,471	716	226
Maine-----	366	96	16
Maryland-----	957	490	58
Massachusetts-----	1,061	419	77
Michigan-----	870	316	60
Minnesota-----	859	377	48
Mississippi-----	710	474	158
Missouri-----	1,449	512	107
Montana-----	169	44	9
Nebraska-----	239	81	15
Nevada-----	244	144	19
New Hampshire-----	210	80	9
New Jersey-----	742	506	57
New Mexico-----	520	235	50
New York-----	3,680	1,782	328
North Carolina-----	1,707	1,098	201
North Dakota-----	148	38	7
Ohio-----	1,491	550	127
Oklahoma-----	1,321	173	107
Oregon-----	1,094	410	54
Pennsylvania-----	1,648	859	120
Rhode Island-----	119	41	6
South Carolina-----	861	463	138
South Dakota-----	275	47	13
Tennessee-----	1,403	699	164
Texas-----	5,836	3,372	674
Utah-----	247	226	16
Vermont-----	158	45	7
Virginia-----	1,423	610	126
Washington-----	1,391	638	76
West Virginia-----	913	321	87
Wisconsin-----	463	309	27
Wyoming-----	106	36	5
American Samoa-----	0	0	0
Guam-----	37	31	6
North Mariana Island-----	0	0	0
Puerto Rico-----	2,357	575	218
Trust Territory (excluding NMI)-----	0	0	0
Virgin Islands-----	12	7	1
Indian Tribe Set Asi-----	0	0	0
Indian Tribes-----	0	0	0
Freely Associated States-----	0	0	0
DOD Army/AF/USMC/Navy-----	0	0	0
Anticipated Adjustment-----			
TOTAL-----	54,990	26,522	5,513

NOTE: These data are based in part on preliminary data submitted by State and local agencies and are subject to change as revised reports are received. Totals may not add due to rounding.

SCHOOL BREAKFAST PROGRAM
THOUSANDS OF BREAKFASTS SERVED

FISCAL YEAR 1993

STATE OR TERRITORY	T O T A L B R E A K F A S T S S E R V E D					
	PAID	R E D U C E D P R I C E		F R E E		TOTAL
		REGULAR	SEVERE NEED	REGULAR	SEVERE NEED	
Alabama-----	2,534	1,015	126	12,939	3,668	20,281
Alaska-----	197	50	37	421	347	1,052
Arizona-----	1,667	374	520	4,247	10,240	17,048
Arkansas-----	3,059	809	276	9,423	4,370	17,937
California-----	5,635	767	2,592	14,258	89,808	113,060
Colorado-----	1,025	179	137	1,971	2,959	6,271
Connecticut-----	1,045	64	278	1,400	3,757	6,544
Delaware-----	318	36	43	654	1,076	2,128
District of Columbia-----	88	5	52	222	2,208	2,575
Florida-----	4,503	495	1,885	6,300	40,413	53,597
Georgia-----	6,568	1,012	1,508	9,631	20,325	39,044
Hawaii-----	1,515	341	0	2,205	11	4,072
Idaho-----	596	188	4	1,928	177	2,894
Illinois-----	2,077	804	0	21,755	19	24,655
Indiana-----	1,460	239	177	3,180	4,068	9,124
Iowa-----	1,739	251	170	1,846	2,151	6,158
Kansas-----	1,248	335	189	2,254	2,221	6,247
Kentucky-----	4,497	338	1,231	2,724	15,261	24,051
Louisiana-----	3,734	950	768	13,211	16,721	35,384
Maine-----	646	120	76	1,130	837	2,809
Maryland-----	983	182	412	1,537	6,515	9,628
Massachusetts-----	1,336	235	121	6,074	5,140	12,906
Michigan-----	1,099	57	273	673	8,995	11,097
Minnesota-----	1,292	328	163	2,707	3,544	8,035
Mississippi-----	2,306	1,322	44	21,025	473	25,169
Missouri-----	3,258	373	623	3,396	10,215	17,865
Montana-----	266	67	56	553	721	1,662
Nebraska-----	419	97	96	623	1,477	2,712
Nevada-----	696	44	102	771	1,794	3,406
New Hampshire-----	676	77	22	493	458	1,726
New Jersey-----	1,020	255	223	4,610	5,095	11,202
New Mexico-----	820	494	5	6,759	50	8,128
New York-----	5,838	641	2,312	5,071	44,623	58,484
North Carolina-----	4,600	818	1,515	7,709	18,925	33,567
North Dakota-----	441	59	30	481	390	1,401
Ohio-----	1,946	108	621	1,296	19,682	23,652
Oklahoma-----	2,867	743	869	4,668	8,182	17,329
Oregon-----	1,370	202	327	1,918	4,967	8,784
Pennsylvania-----	3,204	304	673	2,578	14,133	20,892
Rhode Island-----	63	16	0	1,154	35	1,268
South Carolina-----	2,952	260	1,080	2,503	15,732	22,527
South Dakota-----	325	112	75	646	1,365	2,523
Tennessee-----	4,824	1,000	564	10,142	9,383	25,912
Texas-----	12,138	2,034	2,990	24,270	68,127	109,559
Utah-----	434	98	156	462	1,673	2,823
Vermont-----	271	28	45	270	506	1,120
Virginia-----	4,495	1,349	96	15,106	1,097	22,143
Washington-----	1,552	278	405	3,264	7,718	13,217
West Virginia-----	3,175	149	800	1,144	7,893	13,160
Wisconsin-----	825	139	63	1,214	2,842	5,082
Wyoming-----	165	36	39	230	448	918
American Samoa-----	0	0	0	0	0	0
Guam-----	471	30	40	214	337	1,093
North Mariana Island-----	0	0	0	0	0	0
Puerto Rico-----	1,925	2,033	0	23,153	0	27,112
Trust Territory (excluding NMI)	0	0	0	0	0	0
Virgin Islands-----	33	0	18	0	75	126
Indian Tribe Set Asi-----	0	0	0	0	0	0
Indian Tribes-----	0	0	0	0	0	0
Freely Associated States-----	0	0	0	0	0	0
DOD Army/AF/USMC/Navy-----	0	0	0	0	0	0
Anticipated Adjustment-----	0	0	0	0	0	0
TOTAL-----	112,235	22,340	24,926	268,411	493,247	921,158

NOTE: These data are based in part on preliminary data submitted by State and local agencies and are subject to change as revised reports are received. Totals may not add due to rounding.

SUMMER FOOD SERVICE PROGRAM
NUMBER OF SITES, PARTICIPATION AND MEALS SERVED

FISCAL YEAR 1993

STATE OR TERRITORY	NUMBER OF SITES	PARTICIPATION (JULY) (000)	TOTAL MEALS SERVED (000)
Alabama-----	612	43	2,271
Alaska-----	4	0	5
Arizona-----	314	28	1,863
Arkansas-----	186	19	1,236
California-----	1,487	132	6,545
Colorado-----	145	15	756
Connecticut-----	252	21	1,067
Delaware-----	319	17	789
District of Columbia-----	39	6	198
Florida-----	1,511	165	8,299
Georgia-----	1,301	95	3,656
Hawaii-----	36	4	281
Idaho-----	23	1	301
Illinois-----	1,308	72	4,443
Indiana-----	209	15	868
Iowa-----	104	7	399
Kansas-----	73	7	461
Kentucky-----	359	24	1,195
Louisiana-----	374	57	2,932
Maine-----	59	3	333
Maryland-----	556	30	1,352
Massachusetts-----	439	26	1,033
Michigan-----	941	46	2,175
Minnesota-----	294	16	1,098
Mississippi-----	271	43	2,343
Missouri-----	379	25	1,547
Montana-----	46	4	190
Nebraska-----	86	6	280
Nevada-----	59	4	205
New Hampshire-----	50	2	178
New Jersey-----	1,125	66	3,416
New Mexico-----	604	56	2,707
New York-----	2,410	380	21,579
North Carolina-----	593	44	2,044
North Dakota-----	21	3	189
Ohio-----	625	37	2,127
Oklahoma-----	195	9	934
Oregon-----	160	10	579
Pennsylvania-----	1,952	105	6,912
Rhode Island-----	178	9	674
South Carolina-----	1,220	69	3,031
South Dakota-----	96	5	556
Tennessee-----	566	31	1,921
Texas-----	1,164	99	6,304
Utah-----	118	18	853
Vermont-----	42	2	79
Virginia-----	549	37	1,524
Washington-----	403	21	1,284
West Virginia-----	254	9	460
Wisconsin-----	251	18	930
Wyoming-----	17	1	56
American Samoa-----	0	0	0
Guam-----	0	0	0
North Mariana Island-----	0	0	0
Puerto Rico-----	1,046	89	2,590
Trust Territory (excluding NMI)-----	0	0	0
Virgin Islands-----	119	5	188
Indian Tribe Set Asi-----	0	0	0
Indian Tribes-----	0	0	0
Freely Associated States-----	0	0	0
DOD Army/AF/USMC/Navy-----	0	0	0
Anticipated adjustment-----	0	0	0
TOTAL-----	25,544	2,057	109,237

NOTE: These data are based in part on preliminary data submitted by State and local agencies and are subject to change as revised reports are received. Totals may not add due to rounding.

CHILD AND ADULT CARE FOOD PROGRAM
PARTICIPATION AND MEALS SERVED

FISCAL YEAR 1993

STATE OR TERRITORY	NUMBER OF CENTERS HOMES	PARTICIP- ATION PEAK MONTH (000)	T O T A L M E A L S S E R V E D					
			CHILD CARE AND ADULT CARE CENTERS				FAMILY DAY CARE HOMES (000)	TOTAL (000)
			PAID (000)	REDUCED PRICE (000)	FREE (000)	TOTAL (000)		
Alabama-----	2,770	30	1,770	461	9,350	11,581	9,984	21,566
Alaska-----	741	7	1,417	214	498	2,130	1,780	3,910
Arizona-----	3,427	34	4,342	1,391	8,552	14,285	9,221	23,506
Arkansas-----	2,045	22	2,528	641	6,036	9,205	7,803	17,008
California-----	25,369	240	11,905	6,013	35,178	53,097	91,742	144,839
Colorado-----	5,375	42	4,389	837	4,192	9,417	17,121	26,539
Connecticut-----	2,631	20	1,488	597	2,245	4,331	6,405	10,735
Delaware-----	1,299	11	883	182	1,676	2,742	4,020	6,761
District of Columbia-----	251	5	625	447	1,449	2,521	374	2,896
Florida-----	3,609	65	4,265	1,660	27,127	33,052	7,070	40,122
Georgia-----	3,085	40	1,645	745	8,529	10,920	11,113	22,033
Hawaii-----	848	30	5,365	696	1,515	7,576	1,301	8,877
Idaho-----	679	6	638	97	633	1,368	2,824	4,192
Illinois-----	7,295	66	6,899	2,210	13,939	23,048	24,187	47,235
Indiana-----	2,151	55	5,521	1,017	6,270	12,808	10,758	23,567
Iowa-----	2,915	27	4,510	528	2,839	7,876	8,419	16,295
Kansas-----	6,888	57	4,486	642	2,972	8,100	25,441	33,541
Kentucky-----	1,444	35	6,882	1,260	8,662	16,803	2,391	19,195
Louisiana-----	6,300	38	1,396	481	10,499	12,377	15,642	28,019
Maine-----	1,669	13	642	167	1,102	1,910	6,928	8,838
Maryland-----	5,179	33	3,596	485	4,855	8,936	15,373	24,309
Massachusetts-----	7,438	48	3,014	1,316	8,460	12,790	18,887	31,677
Michigan-----	8,449	69	5,319	1,169	8,938	15,426	28,290	43,716
Minnesota-----	12,429	94	4,011	557	3,291	7,858	49,956	57,814
Mississippi-----	2,301	35	966	571	12,517	14,053	5,492	19,544
Missouri-----	3,062	42	4,229	833	6,923	11,985	15,347	27,332
Montana-----	1,268	12	717	157	1,088	1,962	4,839	6,801
Nebraska-----	3,768	35	3,458	339	2,933	6,729	15,258	21,987
Nevada-----	539	5	613	185	632	1,429	1,719	3,148
New Hampshire-----	477	6	1,081	208	696	1,986	1,386	3,372
New Jersey-----	2,298	39	4,834	2,462	12,679	19,975	4,164	24,139
New Mexico-----	5,682	38	2,724	707	4,437	7,868	14,353	22,222
New York-----	7,264	135	8,889	4,299	40,279	53,466	15,643	69,108
North Carolina-----	3,313	50	10,865	1,895	17,152	29,912	8,168	38,081
North Dakota-----	2,318	19	918	123	693	1,735	8,773	10,508
Ohio-----	7,228	81	9,506	1,459	12,096	23,061	21,236	44,297
Oklahoma-----	2,386	35	4,418	873	9,982	15,273	6,589	21,862
Oregon-----	4,236	28	2,024	286	2,399	4,709	13,380	18,089
Pennsylvania-----	4,559	69	6,845	2,759	13,551	23,155	13,194	36,349
Rhode Island-----	370	8	441	188	1,533	2,163	790	2,953
South Carolina-----	1,252	22	1,300	771	6,583	8,655	4,498	13,153
South Dakota-----	935	9	1,000	147	846	1,993	4,088	6,081
Tennessee-----	1,854	32	2,563	696	8,733	11,993	6,945	18,938
Texas-----	11,897	142	9,909	2,689	31,281	43,879	52,447	96,326
Utah-----	4,066	36	4,143	587	3,775	8,504	15,242	23,746
Vermont-----	960	8	413	101	438	952	3,099	4,051
Virginia-----	4,085	32	3,891	861	4,455	9,206	11,004	20,210
Washington-----	6,428	47	4,997	695	5,257	10,949	23,028	33,977
West Virginia-----	1,339	10	1,873	181	2,415	4,469	2,669	7,137
Wisconsin-----	4,244	47	6,541	700	4,881	12,121	11,249	23,370
Wyoming-----	709	8	756	164	632	1,552	2,597	4,150
American Samoa-----	0	0	0	0	0	0	0	0
Guam-----	7	0	227	46	22	295	0	295
North Mariana Island-----	0	0	0	0	0	0	0	0
Puerto Rico-----	154	2	115	45	556	716	240	956
Trust Territory (excluding NMI)-----	0	0	0	0	0	0	0	0
Virgin Islands-----	37	1	69	39	519	627	0	627
Indian Tribe Set Asi-----	0	0	0	0	0	0	0	0
Indian Tribes-----	0	0	0	0	0	0	0	0
Freely Associated States-----	0	0	0	0	0	0	0	0
DOD Army/AF/USMC/Navy-----	0	0	0	0	0	0	0	0
Anticipated Adjustment-----	0	0	0	0	0	0	0	0
TOTAL-----	203,322	2,119	187,859	48,878	388,791	625,528	664,467	1,289,995

NOTE: These data are based in part on preliminary data submitted by State and local agencies and are subject to change as revised reports are received. Totals may not add due to rounding.

FOOD AND NUTRITION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Special Milk Program:

For necessary expenses to carry out the special milk program, as authorized by section 3 of the Child Nutrition Act of 1966 (42 U.S.C. 1772), [\$20,277,000] \$18,089,000, to remain available through September 30, [1995] 1996. Only final reimbursement claims for milk submitted to State agencies within sixty days following the month for which the reimbursement is claimed shall be eligible for reimbursement from funds appropriated under this Act. States may receive program funds appropriated under this Act only if the final program operations report for such month is submitted to the Department within ninety days following that month. Exceptions to these claims or reports submission requirements may be made at the discretion of the Secretary.

This change makes the appropriation available until September 30, 1996.

SPECIAL MILK PROGRAM

Appropriations Act, 1994	\$20,277,000
Budget Estimate, 1995	<u>18,089,000</u>
Decrease in Appropriation	-2,188,000

SUMMARY OF INCREASES AND DECREASES

(On basis of appropriation)

<u>Item of Change</u>	<u>1994 Estimated</u>	<u>Program Change</u>	<u>1995 Estimated</u>
Cash payments to States.....	<u>\$20,277,000</u>	<u>-\$2,188,000</u>	<u>\$18,089,000</u>

PROJECT STATEMENT

(On basis of appropriation)

<u>Project</u>	<u>1993 Actual</u>	<u>1994 Estimated</u>	<u>Increase or Decrease</u>	<u>1995 Estimated</u>
1. Cash payments to States:				
(a) Paid milk (>130% poverty)	\$13,750,854:	\$18,699,983:	-\$2,003,836:	\$16,696,147
(b) Free milk (<130% poverty)	1,147,146:	1,577,017:	-184,164:	1,392,853
Total, Appropriation.....	<u>14,898,000:</u>	<u>20,277,000:</u>	<u>-2,188,000:</u>	<u>18,089,000</u>

PROJECT STATEMENT

(On basis of available funds)

<u>Project</u>	<u>1993 Actual</u>	<u>1994 Estimated</u>	<u>Increase or Decrease</u>	<u>1995 Estimated</u>
1. Cash payments to States:				
(a) Paid milk (>130% poverty).....	\$17,637,732:	\$17,514,000:	+\$686,680:	\$18,200,680
(b) Free milk (<130% poverty).....	1,470,978:	1,477,000:	+45,000:	1,522,000
Total, obligations.....	<u>19,108,710:</u>	<u>18,991,000:</u>	<u>+731,680:</u>	<u>19,722,680</u>
Recovery of prior year obligations.....	-1,377,812:	—	—	—
Unobligated balances				
Available, start of year...	-5,379,187:	-347,680:	-1,286,000:	-1,633,680
Available, end of year....	347,680:	+1,633,680:	-1,633,680:	—
Expiring.....	2,198,609:			
Total, Available or Estimate.....	<u>14,898,000:</u>	<u>20,277,000:</u>	<u>-2,188,000:</u>	<u>18,089,000</u>

EXPLANATION OF PROGRAM

Overview of Program Development. Originally designed to support milk prices while encouraging children to drink more milk, the Special Milk Program was first funded by the Commodity Credit Corporation in 1955. The Agricultural Act of 1961 authorized the first direct appropriation for the Program. The Special Milk Program is now authorized by Section 3 of the Child Nutrition Act of 1966, as amended.

Eligibility. Eligible institutions include public and private nonprofit schools of high school grade or under, summer camps, and similar institutions that do not participate in another meal service program authorized by the Child Nutrition Act or the National School Lunch Act. In addition, children in split session kindergarten programs in public or private non-profit schools who do not have access to the meal service programs operating in those schools may participate in the Special Milk Program.

Benefits. The program provides institutions with subsidies for half-pints of milk served to children. In Fiscal Year 1994, approximately 169 million half-pints of milk will be served in the Special Milk Program. These include about 158 million half-pints served to children whose family income is above 130 percent of poverty and about 10 million half-

pints served free to children whose family income is at or below 130 percent of poverty. During Fiscal Year 1994, the average full cost reimbursement for milk served to needy children is expected to be 14.38 cents for each half-pint. Milk served to non-needy children is estimated to be reimbursed at 11.06 cents for each half pint. The cash reimbursement rate for non-needy children is adjusted annually on July 1.

State/Federal Responsibilities. The program is operated through a partnership under agreements signed by State educational, social service or health agencies and the Food and Nutrition Service. State agencies administer the program through local school food authorities or other institutions. FNS provides cash reimbursements for milk served to eligible children and also provides funds for State administrative expenses relating to the program.

JUSTIFICATION OF INCREASES AND DECREASES

- (1) A decrease of \$2,188,000 is requested in the appropriation for the Special Milk Program (\$20,277,000 appropriated in 1994). On the basis of available funds, there is an increase of \$731,680 (\$18,991,000 available in 1994).

Need for change. The decrease in funds reflects the current estimate of funds needed to maintain the program in Fiscal Year 1995 due to adjustments for inflation and program participation.

Nature of change. An appropriation level of \$18,089,000 will be needed in Fiscal Year 1995 to provide reimbursement for milk served in the Special Milk Program. Participation continues to grow at a slow rate. Reimbursement rates for both paid and free milk are also expected to grow slowly in Fiscal Year 1995.

	<u>1993</u> <u>Estimate</u>	<u>1994</u> <u>Estimate</u>	<u>1995</u> <u>Estimate</u>
Half-pints served (thousands)			
Paid (above 130% of poverty)	156,787	158,355	159,938
Free 130% of poverty or below)	<u>10,167</u>	<u>10,269</u>	<u>10,371</u>
Total	<u>166,954</u>	<u>168,624</u>	<u>170,309</u>
Reimbursement Rates (cents)			
Paid	11.00	11.06	11.38
Free	14.20	14.38	14.68

SPECIAL MILK PROGRAM

STATUS OF PROGRAM

The Special Milk Program, as authorized by section 3 of the Child Nutrition Act of 1966, helps schools and institutions not otherwise participating in a federally subsidized meal service program provide milk to children at a low price or free of charge in order to encourage children to drink more milk.

Program Operations. The program is administered in most States by the State educational agency. Where the States are prohibited by their laws from disbursing funds to private schools and institutions, or in instances where State agencies are unwilling to operate the program, the Food and Nutrition Service (FNS) administers the program directly through its regional offices. However, pursuant to P.L. 97-35, no State which administered the Special Milk Program for private schools and institutions since October 1980 may turn over administration of the program to FNS. During Fiscal Year 1993, FNS directly administered the Special Milk Program in seven States.

Program funds are made available to State agencies for use in providing payments to eligible outlets for milk served to children under the program. Participating schools and institutions that charge for any milk served under the program must agree to use the payments to reduce the cost of milk to the children. When local officials elect to serve free milk to needy children, the half-pint reimbursement rate for such milk is based on the average cost of all milk served in the eligible outlet under the program including local level distribution costs. All other milk served under the program is reimbursed at the per half-pint rate established annually by the Secretary. States also receive funds to offset the costs of administering the Special Milk Program from the Child Nutrition Programs appropriation.

For the period July 1, 1993 to June 30, 1994, the reimbursement rate for milk served to children from families with income above 130 percent of poverty is 11.0 cents per half-pint. During Fiscal Year 1993, the average reimbursement to cover the cost of milk in eligible outlets serving free milk to needy children at or below 130 percent of poverty, including local level distribution costs, was about 14.20 cents per half-pint.

During Fiscal Year 1993, the total number of half-pints served was 167 million including 156.8 million paid half-pints and 10.1 million free half-pints.

SPECIAL MILK PROGRAM
NUMBER OF PARTICIPATING OUTLETS AND OBLIGATIONS BY STATE

FISCAL YEAR 1993

STATE OR TERRITORY	O U T L E T S				OBLIGATIONS 1/
	SCHOOLS	NON-RESIDENTIAL CHILD CARE INSTITUTIONS	SUMMER CAMPS	TOTAL	
Alabama-----	10	3	12	25	\$32,601
Alaska-----	3	0	2	5	6,616
Arizona-----	64	2	25	91	171,987
Arkansas-----	6	0	9	15	25,025
California-----	305	16	158	479	926,886
Colorado-----	126	0	25	151	139,627
Connecticut-----	309	2	28	339	552,837
Delaware-----	25	0	0	25	43,965
District of Columbia-----	8	0	0	8	16,622
Florida-----	53	0	40	93	134,521
Georgia-----	5	0	7	12	31,533
Hawaii-----	3	0	2	5	6,735
Idaho-----	141	0	42	183	195,297
Illinois-----	961	6	59	1,026	2,852,973
Indiana-----	224	0	47	271	358,787
Iowa-----	53	15	75	143	228,017
Kansas-----	355	0	9	364	219,066
Kentucky-----	71	4	16	91	165,506
Louisiana-----	12	0	11	23	69,363
Maine-----	8	0	31	39	129,502
Maryland-----	197	0	34	231	401,616
Massachusetts-----	251	45	78	374	544,202
Michigan-----	739	0	176	915	1,316,869
Minnesota-----	490	74	111	675	1,046,210
Mississippi-----	2	0	13	15	12,494
Missouri-----	300	1	32	333	526,489
Montana-----	76	0	10	86	61,942
Nebraska-----	551	0	19	570	228,495
Nevada-----	11	19	2	32	98,959
New Hampshire-----	59	11	76	146	211,944
New Jersey-----	349	0	0	349	1,135,453
New Mexico-----	7	0	4	11	12,710
New York-----	737	0	222	959	1,493,231
North Carolina-----	55	0	32	87	123,285
North Dakota-----	64	1	25	90	69,637
Ohio-----	623	4	0	627	1,066,535
Oklahoma-----	142	0	5	147	120,738
Oregon-----	234	0	34	268	210,042
Pennsylvania-----	634	15	108	757	801,730
Rhode Island-----	118	1	10	129	113,287
South Carolina-----	18	2	6	26	30,297
South Dakota-----	30	0	7	37	46,503
Tennessee-----	23	2	0	25	11,684
Texas-----	29	1	32	62	117,105
Utah-----	112	0	5	117	70,897
Vermont-----	110	2	14	126	133,278
Virginia-----	212	2	21	235	257,231
Washington-----	108	0	64	172	276,953
West Virginia-----	11	0	10	21	32,225
Wisconsin-----	257	122	130	509	1,800,900
Wyoming-----	10	2	11	23	18,803
American Samoa-----	0	0	0	0	0
Guam-----	0	0	0	0	0
North Mariana Island-----	0	0	0	0	0
Puerto Rico-----	0	0	0	0	0
Trust Territory (excluding NMI)-----	0	0	0	0	0
Virgin Islands-----	3	0	0	3	4,390
Indian Tribe Set Asi-----	0	0	0	0	0
Indian Tribes-----	0	0	0	0	0
Freely Associated States-----	0	0	0	0	0
ODD Army/AF/USMC/Navy-----	0	0	0	0	0
Anticipated Adjustment-----	0	0	0	0	0
TOTAL-----	9,304	352	1,889	11,545	\$19,108,710

1/ Obligations as reported September 30, 1993.

NOTE: These data are based in part on preliminary data submitted by State and local agencies and are subject to change as revised reports are received. Totals may not add due to rounding.

SPECIAL MILK PROGRAM
HALF-PINTS OF MILK SERVED

FISCAL YEAR 1993

STATE OR TERRITORY	AVERAGE SERVED DAILY			TOTAL SERVED FY 93		
	FREE (000)	PAID (000)	TOTAL (000)	FREE (000)	PAID (000)	TOTAL (000)
Alabama-----	0	1	1	1	295	296
Alaska-----	0	0	0	0	60	60
Arizona-----	1	7	8	180	1,329	1,509
Arkansas-----	0	1	1	7	219	225
California-----	2	38	40	332	7,994	8,326
Colorado-----	0	5	6	61	1,190	1,251
Connecticut-----	2	23	25	417	4,482	4,899
Delaware-----	0	2	2	1	398	399
District of Columbia-----	0	1	1	2	148	150
Florida-----	0	6	6	8	1,212	1,220
Georgia-----	0	1	1	0	286	287
Hawaii-----	0	0	0	0	69	69
Idaho-----	0	8	8	85	1,664	1,750
Illinois-----	6	149	155	991	24,644	25,635
Indiana-----	2	14	16	277	2,900	3,178
Iowa-----	1	7	8	169	1,853	2,022
Kansas-----	2	11	12	235	1,685	1,920
Kentucky-----	1	7	8	160	1,297	1,456
Louisiana-----	0	3	3	0	631	631
Maine-----	1	4	5	206	909	1,115
Maryland-----	0	20	20	32	3,609	3,641
Massachusetts-----	2	20	22	340	4,504	4,844
Michigan-----	8	50	59	1,427	10,112	11,538
Minnesota-----	0	40	40	49	9,447	9,496
Mississippi-----	0	0	0	52	46	98
Missouri-----	1	23	24	186	4,544	4,730
Montana-----	0	3	3	77	463	540
Nebraska-----	2	9	11	310	1,673	1,983
Nevada-----	0	5	5	10	886	896
New Hampshire-----	0	5	6	45	1,868	1,913
New Jersey-----	5	50	55	871	9,187	10,058
New Mexico-----	0	0	1	14	98	111
New York-----	3	65	68	500	12,922	13,423
North Carolina-----	0	3	3	4	1,116	1,120
North Dakota-----	0	3	3	30	594	624
Ohio-----	5	46	51	740	8,731	9,471
Oklahoma-----	0	6	6	65	1,013	1,078
Oregon-----	1	7	9	187	1,666	1,853
Pennsylvania-----	4	30	34	690	6,389	7,079
Rhode Island-----	2	2	4	253	700	953
South Carolina-----	0	1	1	0	275	275
South Dakota-----	0	2	2	43	367	410
Tennessee-----	0	1	1	0	106	106
Texas-----	0	4	4	2	1,063	1,064
Utah-----	0	3	3	15	625	640
Vermont-----	1	6	7	164	998	1,162
Virginia-----	0	11	12	83	2,230	2,313
Washington-----	1	10	11	118	2,364	2,482
West Virginia-----	0	1	1	26	259	285
Wisconsin-----	4	78	82	682	15,482	16,165
Wyoming-----	0	1	1	0	171	171
American Samoa-----	0	0	0	0	0	0
Guam-----	0	0	0	0	0	0
North Mariana Island-----	0	0	0	0	0	0
Puerto Rico-----	0	0	0	0	0	0
Trust Territory (excluding NMI)-----	0	0	0	0	0	0
Virgin Islands-----	0	0	0	20	14	34
Indian Tribe Set Asi-----	0	0	0	0	0	0
Indian Tribes-----	0	0	0	0	0	0
Freely Associated States-----	0	0	0	0	0	0
ODD Army/AF/USMC/Navy-----	0	0	0	0	0	0
Anticipated Adjustment-----	0	0	0	0	0	0
TOTAL-----	61	792	853	10,167	156,787	166,954

NOTE: These data are based in part on preliminary data submitted by State and local agencies and are subject to change as revised reports are received. Totals may not add due to rounding.

FOOD AND NUTRITION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Special Supplemental Food Program for Women, Infants, and Children (WIC):

- 1 For necessary expenses to carry out the special supplemental food program as authorized by section 17 of the Child Nutrition Act of 1966 (42 U.S.C. 1786), [~~\$3,210,000,000~~] \$3,563,588,000 to remain available through September 30, [1995] 1996 of which up to \$5,500,000 may be used to carry out the farmers' market coupon program. Provided, That none of the funds in this Act shall be available to pay administrative expenses of WIC clinics except those that have
- 2 an announced policy of prohibiting smoking within the space used to carry out the program [: Provided further, That until revised allocation regulations have been issued, the Secretary may waive the 15 percent cap regulation to ensure that all funds are allocated to States most in need]: Provided further, That no State will incur an interest liability to the Federal Government on WIC rebate funds provided that all interest earned by the State on these funds is used for program purposes.

The first change makes the appropriation available until September 30, 1996.

The second change deletes language waiving the 15 percent cap regulation because regulatory revisions will be completed during Fiscal Year 1994.

SPECIAL SUPPLEMENTAL FOOD PROGRAM FOR WOMEN, INFANTS, AND CHILDREN (WIC)

Appropriations Act, 1994.....	\$3,210,000,000
Budget Estimate, 1995	<u>3,563,588,000</u>
Increase in Appropriation	<u>+353,588,000</u>

SUMMARY OF INCREASES AND DECREASES
(On basis of adjusted appropriation)

<u>Item of Change</u>	<u>1994 Estimated</u>	<u>Program Changes</u>	<u>1995 Estimated</u>
Special Supplemental Food Program (WIC)	\$3,210,000,000	+\$353,588,000	<u>\$3,563,588,000</u>

PROJECT STATEMENT
(On basis of adjusted appropriation)

<u>Project</u>	<u>1993 Actual</u>	<u>1994 Estimated</u>	<u>Increase or Decrease</u>	<u>1995 Estimated</u>
Special Supplemental Food Program (WIC)				
(a) Grants to States for supplemental food:	\$2,145,764,000	\$2,407,677,000	+\$241,697,000	\$2,651,874,000
(b) Costs for nutrition services and administration.....	706,236,000	791,823,000	+110,896,000	902,719,000
(c) Farmers' Market Coupon Program.....	3,000,000	5,500,000	--	5,500,000
(d) Program evaluation projects.....	5,000,000	5,000,000	-1,505,000	3,495,000
Total, Available or Estimate.....	<u>2,860,000,000</u>	<u>3,210,000,000</u>	<u>353,588,000</u>	<u>3,563,588,000</u>

PROJECT STATEMENT
(On basis of available funds)

<u>Project</u>	<u>1993 Actual</u>	<u>1994 Estimated</u>	<u>Increase or Decrease</u>	<u>1995 Estimated</u>
Special Supplemental Food Program (WIC):				
(a) Grants to States for Supplemental food.....	\$2,190,181,595	\$2,468,560,982	+\$274,578,018	\$2,743,139,000
Costs for nutrition svcs and administration.....	730,060,532	851,228,000	+80,226,000	931,454,000
(c) Farmers' Market Coupon Program.....	3,249,822	5,500,000	--	5,500,000
(d) Program evaluation projects.....	4,711,023	5,000,000	-1,505,000	3,495,000
TOTAL, Obligations.....	<u>2,928,202,972</u>	<u>3,330,288,982</u>	<u>+353,299,018</u>	<u>3,683,588,000</u>
Recovery of prior obligations.....	-66,641,958	-120,000,000	--	-120,000,000
Unobligated balances.....				
Avail. start of year.....	-2,647,148	-288,982	+288,982	--
Avail., end of year.....	288,982		--	--
Expiring.....	797,152	--	--	--
Total, Available or Estimate.....	<u>2,860,000,000</u>	<u>3,210,000,000</u>	<u>+353,588,000</u>	<u>3,563,588,000</u>

EXPLANATION OF PROGRAM

Overview of Program Development. The Special Supplemental Food Program for Women, Infants and Children (WIC) is authorized by section 17 of the Child Nutrition Act of 1966, as amended. The program was established as a two-year pilot project under Public Law 92-433. Public Law 96-499, enacted on December 5, 1980, extended the program authorization through September 30, 1984. The authorization was extended through 1989 by Public Laws 99-500 and 99-591, the School Lunch and Child Nutrition Amendments of 1986. Public Law 101-147, the Child Nutrition and WIC Reauthorization Act of 1989, authorizes the program through September 30, 1994.

Eligibility. Funds are made available to local health clinics or other service sites through State departments of health and to Indian Tribal Organizations to provide supplemental foods to low-income pregnant, postpartum and breastfeeding women, to infants, and to children up to five years of age who are determined by competent professionals (physicians, nutritionists, nurses and other health officials) to be at nutritional risk.

Benefits. The WIC Program is intended to promote good health among mothers and their children by encouraging breastfeeding, providing nutrition education and referrals to health services, and supplementing recipients' existing diets with food packages designed to provide foods rich in nutrients often lacking in the diets of the WIC Program target population. The authorized supplemental foods are iron-fortified infant formula, infant cereal, milk, cheese, eggs, iron-fortified breakfast cereal, fruit or vegetable juice which contains vitamin C, dry beans and peas, and peanut butter. For women who exclusively breastfeed, a special package is available which includes increased quantities of certain WIC foods as well as tuna and carrots.

The WIC program encourages breastfeeding in an effort to raise breastfeeding rates toward the U.S. Surgeon General's goal, which is to increase to at least seventy five percent the proportion of mothers who breastfeed their babies in the early postpartum period and to at least fifty percent the proportion who continue breastfeeding until their babies are 5 to 6 months old. USDA has added an enhanced food package offering more types and quantities of foods to women who breastfeed their infants and receive no infant formula through the WIC Program.

There are three general types of delivery systems for WIC foods: (1) retail purchase in which participants obtain supplemental foods through retail stores; (2) home delivery systems in which food is delivered to the participant's home; and (3) direct distribution systems in which participants pick up food from a distribution outlet. WIC benefits are free of charge to all participants. Expansion of cost containment measures, especially infant formula rebates, and increases in appropriated funds have allowed the number of people who can be served by the program to increase.

State/Federal Responsibilities. The program is administered in a Federal/State partnership in which FNS provides cash grants to States for food and administrative expenses. States develop operating plans which, after consideration of public comment and FNS approval as required by statute and Federal regulations, define how the State will implement the program for the year. States then enter into written agreements with local agencies and allocate administrative money to local health care agencies and clinics where WIC programs are administered. In retail purchase States, the local clinics prescribe food packages by providing participants "food instruments" each month which the participants exchange for foods at approved retail grocery stores. The form of the food instruments varies from State to State; they may be vouchers or checks. Where food instruments are checks, retailers deposit them in a bank before their expiration date. Vouchers must be submitted to a State or local WIC agency before their expiration date and the retailers are paid within 60 days. The States are responsible for monitoring retailers and assuring the integrity of the redemption system. Presently, approximately 45,500 retailers are authorized to participate in the program.

FNS provides funds for the cost of the food packages and the costs of administering the program, including nutrition education and health care referrals. Food funds are allocated to States for food costs on the basis of a funding formula which takes into consideration previous funding, benefit targeting, inflation and each state's number of income eligible persons, low weight births, and infant mortality rates. Administrative funds are allocated among the States for costs for nutrition services and administrative costs associated with the WIC Program. These costs include certifying participant eligibility, food delivery and warehousing, monitoring, nutrition education, breastfeeding promotion, health care coordination and referral, drug abuse education, financial management, systems development and operations, clinic operations and administration by State agencies. Slightly more than one-sixth of these administrative funds must be used for breastfeeding

promotion and support and nutrition education activities. Up to one-half of one percent of sums appropriated, not to exceed \$5 million, may be made available for evaluation of program performance.

State Food Cost Containment Initiatives to Expand Participation. The Commodity Distribution Reform Act and WIC Amendments of 1987, P.L. 100-237, the Rural Development, Agriculture and Related Agencies Appropriations Act of 1989, P.L. 100-460, and the Child Nutrition and WIC Amendments Reauthorization Act, P.L. 101-147, require State agencies with retail food delivery systems to use a single supplier competitive bidding system or a system with equal savings for the procurement of infant formula. Savings from these efforts are to be used to expand program participation. Further, since increasing participation would increase administrative costs, P.L. 101-147 authorized administrative funding based on a per participant allocation, annually adjusted for the increased costs of providing State and local services.

The projected total amount of savings from rebates for Fiscal Year 1994 is estimated at about \$930 million, supporting an average of 1.5 million participants each month. For Fiscal Year 1995, savings are projected at over \$950 million, and will support about 1.5 million participants each month.

Farmers' Market Coupon Program. The Hunger Prevention Act of 1988, P.L. 100-435, authorized FNS to award grant funds for up to ten three-year demonstration projects to provide WIC participants with coupons that can be redeemed for fresh, unprepared foods at authorized farmers' markets. The following States were selected through a competitive grant application process to administer the projects: Connecticut, Iowa, Maryland, Massachusetts, Michigan, New York, Pennsylvania, Texas, Vermont, and Washington. A permanent WIC Farmers' Market Coupon Program (FMCP) which allows additional States to participate in the program, subject to appropriation, was authorized by the WIC Farmers' Market Nutrition Act of 1992, Public Law 102-314, enacted on July 2, 1992. The FMCP grandfathers in the States which participated in the earlier demonstration project. In Fiscal Year 1993, North Carolina began operations as the newest FMCP State agency. In Fiscal Year 1994, \$5.5 million will be allocated to current States and new approved States. First priority is to fund current States at their Fiscal Year 1993 levels. Remaining funds will be divided between current States for expansion and new States.

JUSTIFICATION OF INCREASES AND DECREASES

- (1) An increase of \$353,588,000 in the appropriation for WIC (\$3,210,000,000 appropriated in 1994).

Need for Change. This estimate continues to work toward full funding in WIC within the population currently estimated to be eligible for WIC. This request will fund inflationary increases for food and administrative costs while increasing average monthly participation by 700,000 additional at-risk pregnant women, infants and children. The request is \$353.6 million above the 1994 appropriation of \$3.21 billion. About \$247.0 million of the increase will support new participation, and the remaining \$108.1 million will cover projected food and administrative cost increases for existing participants. The popular Farmers' Market continues at \$5.5 million. Program Evaluation projects decrease by \$1.5 million because the Child Impact Study is no longer being done.

Nature of Change. The average monthly cost per person will rise from \$40.95 in Fiscal Year 1994 to \$42.38 in Fiscal Year 1995. Program participation will rise from 6.5 million in Fiscal Year 1994 to 7.2 million persons per month in Fiscal Year 1995.

Special Supplemental Food Program for Women, Infants and Children, (WIC)

	1993 <u>Actual</u>	1994 <u>Estimate</u>	1995 <u>Estimate</u>	<u>Change</u>
Average Participation per month (in millions) ^{1/} ...	5.9	6.5	7.2	+0.7
Average Cost per person per month				
Food Costs.....	\$29.82	\$30.45	\$31.63	+\$1.18
Administrative Cost.....	10.18	10.50	10.75	+.25
Total	\$40.00	\$40.95	\$42.38	+\$1.43

^{1/} A portion of the estimated participation is supported by anticipated recoveries from the previous fiscal year.

Special Supplemental Food Program
for Women, Infants and Children, (WIC)

	1993 <u>Actual</u>	1994 <u>Estimate</u>	1995 <u>Estimate</u>	<u>Change</u>
Program level (\$ in millions):				
Food Costs.....	\$2,190.2	\$2,468.6	\$2,740.6	+\$361.3
State and local adminis- trative costs.....	730.1	851.2	931.5	+111.0
Farmer's Market Coupon Program.....	3.2	5.5	5.5	--
Program evaluation projects	4.7	5.0	3.5	-1.5
Total 2/.....	\$2,928.2	\$3,330.3	\$3,683.6	+\$353.3

2/ Includes estimated recoveries and reallocated funds.

SPECIAL SUPPLEMENTAL FOOD PROGRAM FOR WOMEN, INFANTS AND
CHILDREN (WIC)

STATUS OF PROGRAM

The Special Supplemental Food Program for Women, Infants and Children (WIC) provides nutritious supplemental foods to low income pregnant, postpartum, and breastfeeding women, to infants, and to children up to their fifth birthday, who are determined by competent professionals (physicians, nutritionists, nurses, and other health officials) to be at nutritional risk.

The Food and Nutrition Service makes funds available to participating State agencies which in turn distribute the funds to participating local agencies. Participating State agencies may be State health departments or Indian tribes which are recognized by either the Department of Health and Human Services' Indian Health Service or by the Department of the Interior. State and local agencies use WIC funds to pay the costs of specified supplemental foods provided to WIC participants, and to pay specified administrative costs, including the cost of nutrition education, breast feeding promotion, and health care referrals.

Program Participation and Costs

An average of 5.9 million persons participated each month in Fiscal Year 1993. The monthly costs of the food package varied among the individual States, with an average monthly cost of \$29.82 nationwide. In addition to food costs, approximately 25 percent of the funds appropriated were available for State program administrative costs. In Fiscal Year 1993, these costs averaged \$10.18 per person per month for a total monthly cost per person of \$40.00.

Benefit Targeting

During Fiscal Year 1993, State agencies continued reporting nutritional risk priority data on participants. This data provides information on the results of State agency targeting efforts. Strong emphasis has been placed on service to high risk persons. High risk persons are placed in Priorities I - III, and are considered to be most in need of the WIC program benefits due to nutrition-related medical conditions. The Priority I group consists of pregnant and breastfeeding women and infants with certain medical conditions. Priority II consists of infants of women who actually participated in WIC or infants of women who would have been eligible to participate as Priority I participants during their pregnancies. Also, women who are breastfeeding Priority II infants may be classified as Priority II. Priority III is composed of children with certain medical conditions and some high-risk postpartum women. Analysis of the priority data collected for July 1992 - June 1993 disclosed that Priorities I, II and III account for 30.50, 15.27 and 37.17 percent, respectively, of the national WIC caseload. Thus, over 82 percent of all persons enrolled in WIC are in the three highest risk groups.

Cost Containment Initiatives

General. In an effort to use their food grants more efficiently, all geographic WIC State agencies and most Indian Tribal State agencies have implemented cost containment activities. Savings generated by competitive bidding, rebate, home delivery or direct distribution systems allow State agencies to provide benefits to more participants at no additional food cost. The most successful cost containment strategy has been to obtain rebates on infant formula. By the end of Fiscal Year 1993, 75 State agencies had contracts with infant formula companies to receive rebates for each can of infant formula purchased with WIC funds. Rebate savings to these State agencies for Fiscal Year 1993 are projected to be over \$820 million.

Cost Containment Statutes. The Child Nutrition and WIC Reauthorization Act of 1989, enacted November 10, 1989, codified the provisions of Public Law 100-460 (an appropriations act which expired September 30, 1989) which required WIC State agencies to explore the feasibility of implementing one of four acceptable cost containment initiatives: competitive bidding, rebates, home delivery, or direct distribution. Such cost containment initiatives were to focus primarily on the acquisition of infant formula, and on other foods supplied by the WIC Program, if practicable. It also required most WIC State agencies with retail purchase food delivery systems to pursue and implement competitively bid single source infant formula rebate contracts, unless a State agency can demonstrate to FNS' satisfaction that an alternative arrangement will produce equal or greater food cost savings. On October 24, 1992, Public Law 102-512, the Infant Formula Procurement Act, was signed. This legislation amends the Child Nutrition Act of 1966 to enhance competition among infant formula manufacturers for the WIC Program. The major provisions of this act are that (1) the U.S. Department of Agriculture, Food and Nutrition Service staff will conduct bid solicitation/selection for multi-State (two or more States) infant formula rebate contracts; and (2) to disqualify and/or impose civil penalties of up to \$100 million per year for infant formula manufacturers that price-fix or engage in related anti-competitive activities. The WIC Program currently has seven multi-State infant formula rebate contracts, involving 27 WIC geographic State agencies and three WIC Indian State agencies.

Cost Containment in the National Performance Review. The Vice President's Task Force Report on the National Performance Review concluded that additional efforts beyond those employed to achieve infant formula rebates to contain costs in WIC could result in savings of millions of dollars, and that all savings should be used by the Program to increase participation among low income and nutritionally vulnerable children. The report recommended that the Federal Government assume stronger leadership in expanding cost containment efforts, particularly in encouraging States to seek rebates on additional items in the WIC food package such as infant cereal, juice, and adult food products; and in encouraging States to seek savings through better food package size and brand name management practices. Since infant formula accounts for about 26 percent of the shelf price of WIC foods, after adjusting for rebates, there could be potential savings from better food package management and other rebate contracts. The other 74 percent consists of: milk 25 percent, juice 16 percent, cheese 13 percent, cereal 13 percent, eggs 4 percent, and peanut butter/dried beans 3 percent. The report also encourage States to be more effective at promoting breastfeeding in the interest of public health. The National Performance Review recommendations were examined and efforts to take them into account continued to be emphasized.

WIC Vendor Management

During Fiscal Year 1988, the Office of the Inspector General (OIG) performed a national audit of WIC State agency vendor monitoring systems, vendor compliance activities, the reconciliation process, efforts to detect and prevent dual participation, and overall FNS/State agency monitoring. The major findings of the audit dealt with (1) the inadequacy of State agency ADP systems to detect and analyze vendor redemption data for probable abuse; (2) weak State agency vendor selection practices; (3) limited Federal staff resources to oversee State agency operations; (4) the need to standardize vendor sanctions nationwide; and (5) the need for improved information sharing on vendor abuse between the Food Stamp and WIC Programs.

The corrective action plan developed in response to the audit has resulted in the initiation of several projects. The Vendor Futures Group, consisting of regional, headquarters, and State representatives was convened to discuss proposed regulations addressing the deficiencies found in the audit. A National Vendor Meeting was held in December 1988 to provide technical assistance to States on identifying and taking action against abusive vendors. An FNS Instruction was developed and distributed in December 1988 to facilitate the sharing of information between State agencies and FNS on joint WIC/Food Stamp vendors. A Vendor Management Analysis Profile reporting system was established to report on State actions against abusive vendors.

Proposed regulations addressing the deficiencies outlined in the audit were discussed at the February 1990 meeting of the National Association of WIC State Directors. The proposed rule was published December 28, 1990. Over 1,000 comments were received on the proposal. A final rule is expected to be published during calendar year 1994. A national comprehensive management evaluation guide to ensure a uniform approach to review of State agency operational areas has been developed as well as a format for improved reporting of State agency vendor management data to FNS. In addition, a Vendor Management meeting was held in June 1993 to allow States to discuss issues and practices in vendor management.

During Spring 1993, the Vendor Issues Study was issued. This study presents the results of an investigation into the extent of vendor overcharging and other vendor abuses in the WIC Program retail distribution system.

This study was the first to investigate the magnitude and incidence of such fraud and abuse on a national scale. The primary focus of this study was overcharging or undercharging on safe buys. A safe buy is defined as one in which the purchaser buys all of the food specified on the WIC food instrument in the maximum amounts provided. Vendor response to a non-WIC food substitution was also studied, but trafficking and many other forms of abuse were not investigated.

The results, extrapolated to the retail vendor population from which the sample was drawn, suggest that approximately 22 percent of vendors overcharge for WIC foods on one or more of three safe buys. The aggregate loss due to overcharging for safe buys is about \$39.5 million, or 1.9 percent of estimated annual retail redemptions. This is substantially less than the amount suggested by previous OIG reports. Overcharging was found to be more common among stores with less than six registers and when purchases were done with women and child food instruments.

Undercharging occurred at a high enough level (\$11.7 million or 0.6 percent of annual retail redemptions; 39 percent of the estimated overcharging) that it may be more than a random event, but analyses did not show any significant explanation for undercharging.

WIC Program Research

Agency research priorities for Fiscal Year 1993 included the development of a WIC Inflation Index to be used to estimate WIC participation and to monitor WIC food prices. The Index final report is nearing completion and will be sent to Congress in Fiscal Year 1994. The Agency also continued work on comparative analyses of WIC participants and nonparticipants health care use, breastfeeding patterns, and birth outcomes using data from the 1988 National Maternal and Infant Health Survey (NMIHS), state-by-state estimates of WIC eligibles using Current Population Survey (CPS) data, and

measurement of vendor abuse, was released in May 1993. In addition, the Agency continued work on the congressionally-mandated, biennial reports on WIC Participant and Program characteristics (PC).

Studies initiated during Fiscal Year 1993 include:

- o Services Integration Study. This study is designed to describe low-income, pregnant women's participation in Federal and private assistance programs. The study will investigate local service network characteristics that promote pregnant and postpartum women's participation in programs for which they are eligible.
- o WIC Infant Feeding Practices Study. The goal of this study is to obtain information about the infant feeding practices of WIC participants. The study will examine pre- and postnatal influences on WIC mother's infant feeding practices; describe how foods in the WIC package are being used; and identify WIC mother's attitudes and practices relative to the initiation and continuation of breastfeeding. The study will also identify potential barriers to the initiation and continuation of breastfeeding.

An Examination of An Alternative WIC Food Cost Inflation Index

In the language accompanying the Fiscal Year 1991 WIC appropriation, Congress directed the Department to develop an inflation index for use in adjusting the WIC allocations based on foods prescribed in the WIC food package. Since 1986, FNS has used the Thrifty Food Plan (TFP) cost index to project WIC food cost inflation and to compute the inflation factor in the State funding formula. The TFP is a low-cost food plan consisting of 31 food groups designed to meet the nutritional needs of low-income families and serves as the basis for determining the value of food stamp benefits. The WIC food package, however, is much smaller than either the TFP or the CPI, consisting of only eight food items, and is weighted heavily towards milk, eggs, cheese, and infant formula, together comprising over two thirds of the WIC package. In recent years, TFP cost inflation has not tracked actual WIC food cost inflation. FNS issued an interim report in August 1992 presenting the proposed index and soliciting public comments. During Fiscal Year 1993, FNS reviewed all comments received from the public, performed additional tests on the WIC index, and began developing the final report. The Department will send the final report containing its findings and recommendations to Congress in Fiscal Year 1994.

WIC Farmers' Market Nutrition Program

P.L. 102-314, enacted on July 2, 1992 transformed the Farmers' Market Coupon Demonstration Project (FMCDP) into the WIC Farmers' Market Nutrition Program (FMNP). The Fiscal Year 1993 appropriation for the program was \$3 million. The following States currently administer the program: Connecticut, Iowa, Maryland, Massachusetts, Michigan, New York, North Carolina, Pennsylvania, Texas, Vermont, and Washington. Seven of the projects are administered by State Departments of Agriculture and four (Texas, North Carolina, Michigan and Washington) are administered by State Departments of Health.

Immunization Promotion

FNS, the Centers for Disease Control and Prevention (CDC) and the Department of Health and Human Services (DHHS) are working together to increase access to immunization services through the WIC Program. Since June 1990, State WIC Directors have been strongly encouraged to establish regular liaison and ongoing coordination with their State Immunization Program Managers. Emphasis in this area is appropriate for the WIC Program given its mandate to function as an adjunct to health care services and WIC's effective role as a "gateway" program for important maternal and child health benefits. The WIC Program has regulatory responsibility to coordinate with immunization services. Many local agencies are located on-site with health care services where immunizations are available. Others refer participants to other health care services available in the community for immunization.

Drug Abuse Prevention

The Anti-Drug Abuse Act of 1988 (P.L. 100-690), and the Child Nutrition and WIC Reauthorization Act of 1989 (P.L. 101-147), expanded the role of the WIC Program by adding drug abuse prevention information and referral activities. For the WIC Program, P.L. 100-690 defines drug abuse education as: the provision of information concerning the dangers of drug abuse; the referral of participants who are suspected drug abusers to drug abuse clinics, treatment programs, counselors, or other drug abuse professionals; and the provision of materials developed by the Secretary. Congress directed USDA to conduct a study with respect to the appropriate methods of drug abuse education in the WIC Program. This study was published and copies were sent to Congress in January 1990. Findings from this study and advice of both governmental and private drug abuse prevention experts were being used to define the role WIC should and is able to play in providing drug abuse information and referrals. FNS has established a continuing dialogue with DHHS' Office for Substance Abuse Prevention to collaborate on establishing policies and designing materials.

A final rule implementing the mandates of P.L. 100-690 and P.L. 101-147 was published in February 1993. A brochure in English and Spanish, warning participants about the dangers of alcohol and other drug use during pregnancy and breastfeeding, were distributed to WIC State agencies in January

1991. FNS developed a resource manual and videotape, which were made available in Fiscal Year 1992, to assist local agency staff in meeting the drug abuse information and referral requirements. The videotape has a companion piece which outlines effective interviewing, screening and referral techniques. FNS also developed a videotape for participants. It has a companion leader's guide for WIC professionals to use in counseling participants.

Breastfeeding Promotion Efforts

The WIC program promotes breastfeeding as the best form of nutrition for infants through the provision of support and encouragement to new mothers and through nutrition education during pregnancy. In addition, breastfeeding WIC mothers receive a larger food package and, if otherwise eligible, are able to stay on WIC for a longer period of time than non-breastfeeding postpartum women. By law, States are required to expend at least \$8 million of WIC administrative funding for breastfeeding promotion and support; each State is required to spend its proportionate share. Many States spend more than their minimum requirements on this effort. USDA has numerous special initiatives under way to promote breastfeeding.

The WIC program's goal for breastfeeding is the Surgeon General's Healthy People 2000 goal to increase to at least 75 percent the proportion of mothers who breastfeed their babies in the early postpartum period and to at least 50 percent the proportion who continue breastfeeding until their babies are 5 to 6 months old. The baseline used in the Healthy People 2000 publication for low income women is based on data collected in Ross Laboratories Mothers Survey in 1988. They found 32 percent of low income mothers breastfeeding in the early postpartum period and 9 percent breastfeeding at 5 to 6 months. Using the 1988 National Maternal and Infant Health Survey, and FNS funded analysis found that 37.7 percent of Prenatal WIC participants breastfeed their infants as compared to 44.4 percent of income eligible non-participants. The mean duration of breastfeeding for prenatal WIC participants was 1.19 months as compared to 1.63 months for the income eligible non-participants.

Currently the WIC program has no required collection of data on breastfeeding rates. A 1989 National Association of WIC Directors (NAWD) survey found that 56 percent of the States had methods in place to track breastfeeding rates among WIC participants. Variation in definition and other factors made it impossible to calculate comparable rates among States. Data on breastfeeding rates is currently collected as part of the biennial WIC Participant and Program Characteristics study. However, this data is provided only to the extent that it is available on State management information systems. Less than 25 percent of States reported this information in 1992.

SPECIAL SUPPLEMENTAL FOOD PROGRAM (WIC)
PARTICIPATION AND PROGRAM FINANCING

FISCAL YEAR 1993

STATE OR TERRITORY	NUMBER OF CLINICS PROVIDING BENEFITS 2/	AVERAGE MONTHLY PARTICIPATION				PROGRAM GRANT (000)
		WOMEN	INFANTS	CHILDREN	TOTAL	
Alabama-----	120	27,481	36,308	56,973	120,762	\$60,365
Alaska-----	212	3,206	3,622	5,169	11,997	9,081
Arizona 1/-----	152	23,451	29,094	37,946	90,491	50,852
Arkansas-----	124	20,204	23,637	39,678	83,519	37,426
California-----	556	226,892	254,560	177,014	658,466	327,439
Colorado 1/-----	119	13,432	13,903	31,474	58,809	29,151
Connecticut-----	81	10,450	13,519	41,670	65,639	34,979
Delaware-----	16	3,043	4,241	7,832	15,116	7,135
District of Columbia-----	16	3,383	5,616	7,091	16,090	8,583
Florida 1/-----	258	58,292	72,565	128,163	259,020	116,109
Georgia-----	275	34,300	55,945	105,609	195,854	89,299
Hawaii-----	15	5,446	6,667	10,030	22,143	16,912
Idaho-----	64	7,095	8,000	15,503	30,598	17,514
Illinois-----	248	38,768	71,874	103,694	214,336	112,870
Indiana-----	161	31,946	40,024	65,047	137,017	60,110
Iowa-----	139	11,931	12,080	33,211	57,222	26,318
Kansas-----	148	11,685	13,790	26,859	52,334	25,352
Kentucky-----	151	25,491	28,922	55,270	109,683	52,599
Louisiana-----	120	29,859	33,705	60,799	124,363	70,797
Maine 1/-----	113	5,757	6,422	14,558	26,737	13,244
Maryland-----	108	19,558	24,538	36,757	80,853	37,625
Massachusetts-----	107	22,903	27,239	52,137	102,279	46,300
Michigan-----	252	38,599	52,992	96,027	187,618	91,211
Minnesota-----	263	14,560	19,960	52,642	87,162	39,107
Mississippi 1/-----	141	22,080	30,364	54,849	107,293	45,668
Missouri-----	263	28,831	31,933	51,029	111,793	56,563
Montana-----	82	3,243	4,325	11,292	18,860	10,521
Nebraska 1/-----	113	7,179	8,060	17,354	32,593	15,997
Nevada 1/-----	47	5,667	6,433	9,402	21,502	10,608
New Hampshire-----	186	3,758	4,618	10,846	19,222	9,593
New Jersey-----	457	25,052	34,644	69,422	129,118	62,290
New Mexico 1/-----	113	10,063	13,159	24,995	48,217	24,962
New York 1/-----	563	74,654	113,915	215,073	403,642	210,464
North Carolina 1/-----	191	41,184	49,999	77,862	169,045	77,419
North Dakota 1/-----	104	3,782	3,860	10,878	18,520	9,476
Ohio-----	294	51,449	79,295	112,460	243,204	113,521
Oklahoma 1/-----	179	18,897	22,997	39,546	81,440	42,495
Oregon-----	113	17,650	14,749	31,465	63,864	29,597
Pennsylvania-----	399	37,118	53,794	142,168	233,080	113,061
Rhode Island-----	23	3,232	5,832	9,980	19,044	10,708
South Carolina-----	135	27,649	32,782	48,337	108,768	54,752
South Dakota 1/-----	96	4,926	5,280	12,448	22,654	12,032
Tennessee-----	154	30,660	50,857	39,393	120,910	60,115
Texas-----	610	130,186	143,926	267,835	541,947	237,495
Utah-----	65	12,392	14,131	27,154	53,677	25,932
Vermont-----	61	3,430	2,997	9,794	16,221	8,536
Virginia-----	156	24,589	31,519	63,365	119,473	56,441
Washington-----	220	24,259	31,652	24,942	80,853	44,322
West Virginia-----	69	8,119	12,381	22,859	43,359	24,942
Wisconsin-----	220	14,432	24,696	52,282	91,410	45,610
Wyoming 1/-----	41	2,789	2,794	5,757	11,340	6,697
American Samoa-----	0	0	0	0	0	0
Guam-----	5	1,013	1,220	1,957	4,190	3,741
North Mariana Island-----	0	0	0	0	0	0
Puerto Rico-----	113	37,020	48,588	83,610	169,218	111,491
Trust Territory (excluding NMI)-----	0	0	0	0	0	0
Virgin Islands-----	7	983	1,560	3,997	6,540	5,610
Indian Tribe Set Asi-----	0	0	0	0	0	0
Indian Tribes-----	0	0	0	0	0	0
Freely Associated States-----	0	0	0	0	0	0
DOD Army/AF/USMC/Navy-----	0	0	0	0	0	0
Undistributed-----	0	0	0	0	0	-797
TOTAL-----	9,038	1,364,018	1,741,583	2,813,504	5,919,105	\$2,920,242 3/

1/ Includes Indian Agencies.

2/ Number of clinics reported for FY 1993. Number of clinics for FY 1994 not available.

3/ Excludes \$4,711,023 for WIC Studies and evaluations, and \$3,249,822 for Farmers' Market Nutrition Program.

NOTE: These data are based in part on preliminary data submitted by State and local agencies and are subject to change as revised reports are received. Totals may not add due to rounding.

FOOD AND NUTRITION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Commodity Supplemental Food Program:

For necessary expenses to carry out the commodity supplemental food program as authorized by section 4(a) of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c (note)), including not less than \$8,000,000 for the projects in Detroit, New Orleans, and Des Moines, [\$104,500,000] \$94,500,000 to remain available through September 30, [1995] 1996:
Provided, That none of these funds shall be available to reimburse the Commodity Credit Corporation for commodities donated to the program.

This change makes the appropriation available through September 30, 1996.

COMMODITY SUPPLEMENTAL FOOD PROGRAM

Appropriations Act, 1994.....	\$104,500,000
Budget Estimate, 1995.....	<u>94,500,000</u>
Decrease in Appropriation.....	<u>-10,000,000</u>

SUMMARY OF INCREASES AND DECREASES
(On basis of appropriation)

<u>Item of Change</u>	<u>1994 Estimated</u>	<u>Program Changes</u>	<u>1995 Estimated</u>
Commodity Supplemental Food Program	<u>\$104,500,000</u>	<u>-\$10,000,000</u>	<u>\$94,500,000</u>

PROJECT STATEMENT
(On basis of appropriation)

<u>Project</u>	<u>1993 Actual</u>	<u>1994 Estimated</u>	<u>Increase or Decrease</u>	<u>1995 Estimated</u>
Commodity Supplemental Food Program (CSFP)				
Commodities.....	\$75,600,000	\$83,600,000	-8,000,000	\$75,600,000
Administrative costs..	18,900,000	20,900,000	-2,000,000	18,900,000
Total, Available or Estimate.....	<u>94,500,000</u>	<u>104,500,000</u>	<u>-10,000,000</u>	<u>94,500,000</u>

PROJECT STATEMENT
(On basis of available funds)

<u>Project</u>	<u>1993 Actual</u>	<u>1994 Estimated</u>	<u>Increase or Decrease</u>	<u>1995 Estimated</u>
Commodity Supplemental Food Program (CSFP)				
Commodities.....	\$63,321,768	\$83,600,000	-\$8,000,000	\$75,600,000
Administrative costs..	19,012,529	20,900,000	-2,000,000	18,900,000
Total Obligations	<u>82,334,297</u>	<u>104,500,000</u>	<u>-10,000,000</u>	<u>94,500,000</u>
Recovery of prior year obligations	-2,876,767	—	—	—
Unobligated balances....				
Available, start of year..a/.....	—	-12,280,664	—	—
Available, end of year...a/.....	12,280,664	—	—	—
Expiring..a/.....	2,761,806	+12,280,664	—	—
Total, Available or Estimate.....	<u>94,500,000</u>	<u>104,500,000</u>	<u>-10,000,000</u>	<u>94,500,000</u>

a/ Proposed for rescission.

EXPLANATION OF PROGRAM

Overview of Program Development. Instituted in November 1968 through Public Law 90-463, the Commodity Supplemental Food Program (CSFP) is now authorized by section 4(a) of the Agriculture and Consumer Protection Act of 1973, as amended. The elderly component of CSFP was initiated by the Agriculture and Food Act of 1981, P.L. 97-98, which provided for pilot projects for low-income elderly persons in Polk County, Iowa and in Detroit, Michigan. These projects began operations in September 1982 and a pilot project in New Orleans, Louisiana, began after authorization by P.L. 97-370, December 18, 1982. The Food Security Act of 1985, P.L. 99-198, provided that funds available beyond those needed to serve women, infants, and children could be used to serve elderly persons beyond those participating in the original pilot project sites. The program was reauthorized through Fiscal Year 1995 by the Food, Agriculture, Conservation and Trade Act of 1990 (FACT), P.L. 101-624. This law increased administrative funding from 15 percent to 20 percent of funds appropriated, discontinued administrative funding based on the value of donated commodities, and allowed establishment of elderly-only sites.

Eligibility and Benefits. This program provides foods purchased by USDA to infants and children up to age six and to pregnant, postpartum and breastfeeding women and senior citizens who have low incomes and are residing in approved project areas. The foods are provided by the Department of Agriculture for distribution through State agencies and are intended to supplement food acquired by recipients with their own money, the Food Stamp Program, or other resources. The authorized commodities are iron-fortified infant formula and cereal, adult cereals, canned juice, evaporated milk and/or nonfat dry milk, canned vegetables and/or fruits, canned meat, poultry or tuna, egg mix, dehydrated potatoes, rice or pasta, and peanut butter or dry beans. Elderly participants are eligible to receive all commodities except iron-fortified infant formula and infant cereal.

CSFP participants sometimes receive "bonus" commodities in addition to the basic food package. As required by P.L. 101-624, 9 million pounds of cheese will be provided as a bonus commodity in Fiscal Years 1994 and 1995, if available, through the Commodity Credit Corporation (CCC) inventory.

When an excess of appropriate commodities are held in CCC inventory, they may be donated by CCC without charge to the CSFP appropriation and used to fulfill part of the entitlement. Such donated commodities are referred to as "free foods." In both Fiscal Years 1994 and 1995, a total of 4 million pounds each year of nonfat dry milk will be donated to this program as required by P.L. 101-624 to the extent that the CCC inventory levels permit. Additionally, CSFP received approximately 17 million pounds of bonus orange juice. Since free foods are not charged against the CSFP appropriation, funds that are saved can be made available for participant service.

State/Federal Responsibilities. The CSFP is operated as a State/Federal partnership under agreements signed by State health care, agricultural or education agencies and the Food and Nutrition Service. The Federal government provides all commodities distributed to participants through the program. Under current law, States are given 20 percent of the Federal funds appropriated to cover administrative costs. Allowable costs include nutrition education, warehousing, food delivery, participant certification, and other costs associated with State and local administration of the program.

JUSTIFICATION OF INCREASES AND DECREASES

- (1) A decrease of \$10,000,000 in the appropriation for the Commodity Supplemental Food Program (\$104,500,000 appropriated in 1994).

Need for Change. The requested amount will return funding to the 1993 level and the 1995 target level of the 1994 budget request. This amount will support an estimated average caseload level of 367,000. Priority will continue to be given to serving women, infants, and children, consistent with the Administration's emphasis to fully fund nutrition services to this vulnerable target population. A portion of the caseload will be supported by available program inventories.

Nature of Change. A funding level of \$94,500,000 will be needed in Fiscal Year 1995.

	<u>FY 1993</u> <u>Actual</u>	<u>FY 1994</u> <u>Estimate</u>	<u>FY 1995</u> <u>Estimate</u>	<u>Change</u>
Caseload/Participation (avg.) (in thousands): 1/				
Women, Infants, Children	229	257	257	—
CSFP/Elderly	141	174	110	-64
Program Level (\$ in millions):				
Distributed food costs .2/.....	\$73.9	\$80.5	\$76.4	-4.1
Inventory Change	-11.5	+2.4	-1.5	-3.9
Subtotal, Commodity Purchases....	62.4	82.9	74.9	-8.0
State and local administrative costs	19.0	20.9	18.9	-2.0
Commodity Administrative Cost & PCIMS	.9	.7	.7	—
Total.....	\$82.3	\$104.5	\$94.5	-\$10.0
Average food cost per person per month:				
Women, Infants and Children:				
Entitlement	\$18.66	\$18.90	\$19.21	+\$0.31
FNS funded	(17.66)	(16.63)	(18.21)	(+1.58)
Free substitute (donated)...	(1.00)	(2.27)	(1.00)	(-1.27)
Bonus (donated)	3.62	3.68	3.74	+0.06
Average per person total commodities	\$22.28	\$22.58	\$22.95	+\$0.37

	FY 1993 <u>Actual</u>	FY 1994 <u>Estimate</u>	FY 1995 <u>Estimate</u>	<u>Change</u>
Elderly:				
Entitlement	\$16.29	\$16.47	\$16.76	+\$0.29
FNS funded	(14.90)	(14.01)	(15.37)	(+1.36)
Free substitute(donated).....	(1.39)	(2.46)	(1.39)	(-1.07)
Bonus (donated)	4.49	4.56	4.63	+0.07
Average per person total commodities	\$20.78	\$21.03	\$21.39	+\$0.36

1/ Higher participation in Fiscal Year 1994 is supported, in part, due to a one-time donation of \$4.7 million of orange juice. Further caseload increases may be made if funds carried forward from Fiscal Year 1993 are not rescinded.

2/ Includes commodities distributed from inventory.

COMMODITY SUPPLEMENTAL FOOD PROGRAM (CSFP)

STATUS OF PROGRAM

Commodity Supplemental Food Program (CSFP)

The Commodity Supplemental Food Program provides federally purchased commodities and administrative funds to States which distribute the commodities to low-income pregnant, postpartum, and breastfeeding women, infants, and children up to age 6 and persons 60 years of age and older residing in the service areas. The quantity and varieties of commodities are determined by the Secretary of Agriculture.

Program Caseload

In Fiscal Year 1993 there were 20 State agencies operating the program. Sixteen of the State agencies also serve elderly participants. In Fiscal Year 1993, available funds supported a caseload allocation of 236,148 women, infants and children and 152,489 elderly. The average monthly participation in Fiscal Year 1993 was about 229,181 women, infants and children, and about 141,634 elderly. In Fiscal Year 1994, funds will support a caseload allocation of 257,088 women, infants and children and 173,788 elderly.

"Participation" refers to the actual number of participants served by a State agency, while "caseload" refers to the number of slots allocated. The base caseload for a State agency is determined according to the highest of the previous fiscal year's average participation, September participation, or fourth quarter average participation, not to exceed its previous caseload authorization level. Expansion caseload is then apportioned according to funds available, with priority going to women, infants and children slots. Ninety days after caseload is announced, a State agency may request FNS approval to convert unused women, infants, and children slots to elderly slots.

Purchases for the Commodity Supplemental Food Program (CSFP) and the Food Distribution Program on Indian Reservations (FDPIR) were reduced in Fiscal Year 1993. Some direct shipments were not purchased, but were filled from storage to reduce excessive inventories. The excessive inventories were caused by inventory identification problems due to conversion data from PCI to PCIMS, declining participation in the programs, and the additional inventory of reconditioned product from the Americold Fire. Excess Fiscal Year 1993 funds may be carried over for use in Fiscal Year 1994 after the reconciliation is completed.

Food Package

Six USDA purchased food packages are provided as benefits according to the following age or categories of participants: (1) infants - birth through 3 months; (2) infants - 4 through 12 months; (3) children - 1 to 6 years; (4) pregnant and breastfeeding women; (5) non-breastfeeding postpartum women; and (6) the elderly. The food packages reflect the health and nutritional requirements of participant categories.

CSFP participants receive monthly food packages which include: juice, hot or cold cereal, nonfat dry milk, evaporated milk, egg mix, dry beans or peanut butter, canned fruits or vegetables, canned meat, tuna or poultry, and dehydrated potatoes, rice or pasta. Infants receive formula and rice cereal. In Fiscal Year 1993, participants also received, as bonus foods, cheese, butter, honey, cornmeal, and nonfat dry milk. The Commodity Credit Corporation provided 9,000,000 pounds of cheese and 4,000,000 pounds of nonfat dry milk as required by P.L. 101-624, the FACT Act.

COMMODITY SUPPLEMENTAL FOOD PROGRAM
Quantity and Value of Commodities

By Commodity, Fiscal Year 1993

ENTITLEMENT COMMODITIES	Pounds	Dollars
SECTION 6/32 TYPE:		
APPLE JUICE, CANNED	17,710,540	\$4,633,465
APPLESAUCE, CANNED	1,366,728	481,721
BEANS, DRY	2,165,736	640,944
BEANS, GREEN, CANNED	1,952,404	543,824
BEEF, CANNED W/NJ	1,221,900	1,822,021
BEEF, MEATBALL STEW	548,986	414,401
CARROTS	1,416,144	430,829
CHICKEN, CANNED BONED	2,464,398	4,797,958
CORN, CANNED, CREAM STYLE	584,160	194,783
CORN, CANNED, WHOLE KERNEL	898,800	303,939
EGG MIX	2,674,854	4,791,132
FRUIT COCKTAIL, CANNED	1,759,344	1,086,171
GRAPE JUICE, CANNED	6,585,172	2,222,043
GRAPEFRUIT JUICE, CANNED	2,410,032	583,263
ORANGE JUICE, CANNED	18,717,953	4,590,446
PEACHES, CLING CANNED	2,793,456	1,696,276
PEARS, CANNED	1,272,984	594,036
PEAS, GREEN CANNED	1,535,784	559,589
PINEAPPLE JUICE, CANNED	5,556,575	1,659,237
PINEAPPLE, CANNED	992,370	530,299
PLUMS, CANNED, PURPLE	313,608	122,343
PORK, CANNED, W-NJ	1,453,648	2,010,359
POTATOES, DEHYDRATED	1,223,772	647,570
POTATOES, WHOLE	477,336	141,516
PUMPKIN	255,576	88,530
SPINACH, CANNED	242,304	82,793
SWEET POTATOES, SYRUP	835,272	397,432
TOMATO JUICE, CANNED	1,108,740	233,009
TOMATOES, CANNED	614,328	199,304
TUNA, CHUNK	1,882,401	2,444,895
Total Section 6/32 Type	83,035,305	\$38,944,128
SECTION 416-TYPE:		
CEREAL, DRY CORN	1,525,223	1,678,277
CEREAL, DRY RICE	1,731,394	1,871,009
CEREAL, INFANT RICE	369,312	533,742
CEREAL, DRY OATS	709,066	1,000,913
CEREAL, WHEAT	266,112	364,646
FARINA	2,769,690	1,048,487
FORMULA, INFANT	6,147,389	4,709,992
MACARONI	1,203,960	346,412
MILK, EVAPORATED	20,008,600	9,099,261
MILK, NFD	7,157,304	8,395,296
OATS, ROLLED	745,236	145,929
PEANUT BUTTER	3,104,688	2,494,779
RICE, MILLED	2,728,368	534,032
SPAGHETTI	517,752	160,663
Total Section 416-Type	48,984,094	\$32,383,438
Anticipated Adjustment		-7,136,798
AMS/ASCS/PCIMS Admin. Expenses		869,000
Total Commodity Entitlement	132,019,399	\$63,321,768
BONUS COMMODITIES		
SECTION 6/32 TYPE:		
ORANGE JUICE	37,800	10,056
Total Section 6/32-Type	37,800	10,056
SECTION 416-TYPE:		
BUTTER	2,879,676	\$2,706,389
CHEESE PROCESS	8,995,080	12,057,897
CORNMEAL	8,330,350	1,060,793
HONEY	1,578,744	466,382
NFD MILK	3,937,176	4,625,757
Total Section 416 Type	25,721,026	\$20,917,218
Total Bonus Commodities	25,758,826	\$20,927,274
GRAND TOTAL (Entitlement & Bonus)	157,778,225	\$84,249,042

SOURCE: Preliminary food orders for fiscal year 1993.

COMMODITY SUPPLEMENTAL FOOD PROGRAM
PROJECTS, PARTICIPATION AND FOOD COST

FISCAL YEAR 1993

STATE OR TERRITORY	AVERAGE MONTHLY PARTICIPATION (FNS-153)						FOOD VALUE IN DOLLARS 1/
	PROJECTS	WOMEN	INFANTS	CHILDREN	ELDERLY	TOTAL	
Arizona	11	3,139	0	15,259	6,877	25,275	\$4,561,901
California	2	1,239	953	9,435	3,046	14,673	2,779,659
Colorado	7	3,491	3,341	11,021	6,122	23,975	5,088,749
District of Columbia	1	710	609	4,463	9,486	15,268	2,795,580
Illinois	1	2,510	2,175	10,937	5,727	21,349	4,347,300
Iowa	1	294	136	1,323	3,976	5,729	1,004,841
Kansas	3	821	0	2,483	1,173	4,477	913,517
Kentucky	1	356	245	2,189	4,017	6,807	1,366,090
Louisiana	1	4,292	3,268	19,694	31,115	58,369	11,837,026
Michigan	8	8,967	6,533	42,889	38,913	97,302	19,437,057
Red Lake, Minn	1	97	89	404	0	590	123,037
Minnesota	2	1,216	417	5,683	2,406	9,722	2,020,145
Nebraska	7	690	181	3,569	10,475	14,915	2,783,431
New Hampshire	4	831	0	1,449	1,408	3,688	706,210
New Mexico	4	2,257	148	13,931	2,391	18,727	3,806,570
New York	2	3,680	3,162	13,654	0	20,496	4,681,764
North Carolina	1	46	36	336	1,558	1,976	371,019
Oregon	1	49	41	1,104	0	1,194	246,929
Ogala Sioux, S.D.	1	52	40	598	0	690	161,389
Tennessee	4	1,744	995	9,910	12,944	25,593	4,864,011
AMS/ASCS/PCIMS Ad. Exp:	0	0	0	0	0	0	869,000
Anticipated Adjustment:	0	0	0	0	0	0	-11,443,457
TOTAL	63	36,481	22,369	170,331	141,634	370,815	\$63,321,768

1/ Total value of entitlement foods.

NOTE: These data are based in part on preliminary data submitted by State and local agencies and are subject to change as revised reports are received.

FOOD AND NUTRITION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Food Stamp Program:

- 1 For necessary expenses to carry out the Food Stamp Act (7 U.S.C.2011-2029),
[\$28,136,655,000] \$27,687,710,000: Provided, That funds provided herein
shall remain available through September 30, [1994] 1995, in accordance with
section 18(a) of the Food Stamp Act: Provided further, That \$2,500,000,000
of the foregoing amount shall be placed in reserve for use only in such
amounts and at such times as may become necessary to carry out program
operations: Provided further, That funds provided herein shall be expended
in accordance with section 16 of the Food Stamp Act: Provided further, That
2 this appropriation shall be subject to any work registration or work fare
requirements as may be required by law. [: Provided further, That
\$345,000,000 of the funds provided herein shall be available after the
Secretary has employed the regulatory and administrative methods available
to him under the law to curtail fraud, waste, and abuse in the program:
3 Provided further, that \$1,091,000,000 of the foregoing amount shall be
available for Nutrition Assistance for Puerto Rico as authorized by 7 U.S.C.
2028, of which \$12,472,000 shall be transferred to the Animal and Plant
4 Health Inspection Service for the Cattle Tick Eradication Project.] For
making after May 31 of the current fiscal year, benefit payments to
individuals under the Food Stamp Act for unanticipated costs incurred for
the current fiscal year, such sums as may be necessary. For necessary
expenses to carry out the Food Stamp Act (7 U.S.C 2011-2029), for the first
quarter of fiscal year 1996, \$7,200,000,000 to remain available through
September 30, 1996.

The first change makes the appropriation available through September 30, 1995.

The second change deletes unnecessary language.

The third change deletes the provision applicable to Nutrition Assistance to Puerto Rico. Appropriations for this activity are requested in a separate account.

The fourth change provides indefinite spending authority after May 31, 1994 to ensure that adequate funds are available for payment of program benefits, and makes advance appropriations for a portion of Fiscal Year 1996 budget authority to ensure availability of funds at the beginning of the fiscal year.

FOOD STAMP PROGRAM - CURRENT LAW

Appropriations Act, 1994.....	\$27,045,655,000
Budget Estimate, 1995.....	<u>27,687,710,000</u>
Increase in the Appropriation.....	<u>+642,055,000</u>

SUMMARY OF INCREASES AND DECREASES-CURRENT LAW
(On basis of appropriation)

<u>Item of Change</u>	<u>1994 Estimated</u>	<u>Pay Cost</u>	<u>Program Changes</u>	<u>1995 Estimated</u>
<u>Benefits:</u>				
Total, Benefit				
Costs.....	\$22,826,031,000	--	+\$640,267,000	\$23,466,298,000
Reserve Expiring....	2,500,000,000	--	--	2,500,000,000
<u>Administrative costs:</u>				
Payments to States..	1,614,079,000	--	+17,146,000	1,631,225,000
Other program costs.	<u>106,545,000</u>	<u>48,000</u>	<u>+5,194,000</u>	<u>111,787,000</u>
Total Admin. costs..	1,720,624,000	48,000	+22,340,000	1,743,012,000
Liabilities and collections.....	<u>-1,000,000</u>	<u>--</u>	<u>-20,600,000</u>	<u>-21,600,000</u>
Total, Appropriation	27,045,655,000	48,000	+642,007,000	27,687,710,000

PROJECT STATEMENT
(On basis of appropriation)

<u>Project</u>	<u>1993 Actual Amount</u>	<u>1994 Estimated Amount</u>	<u>Increase or Decrease</u>	<u>1995 Estimated Amount</u>
Benefits:				
Correct benefits	\$21,013,710,000:	\$21,045,601,000:	+\$637,258,000:	\$21,682,859,000:
Err. benefits.....	1,827,279,000:	1,780,430,000:	+3,009,000:	1,783,439,000:
Total, Ben. Costs...	22,840,989,000:	22,826,031,000:	+640,267,000:	23,466,298,000:
Administrative				
Costs.....	1,463,456,000:	1,451,336,000:	+14,865,000:	1,466,201,000:
Employ. & Training	166,770,000:	162,743,000:	+2,281,000:	165,024,000:
Other Program Costs				
Food Stamp prod.....				
and redemption.....	70,954,000:	73,862,000:	+2,441,000:	76,303,000:
Computer support				
Systems..a/.....	2,370,000:	1,496,000:	+460,000:	1,956,000:
Certification of SSI:				
recipients for food:				
stamps.....	4,000,000:	4,080,000:	+69,000:	4,149,000:
Retailer redemption:				
monitoring system:	2,000,000:	2,040,000:	+354,000:	2,394,000:
Recipient and coop-				
erative services.a/:	1,158,000:	1,101,000:	+610,000:	1,711,000:
Research, evaluation:				
& demo projects.a/:	9,600,000:	10,886,000:	+794,000:	11,680,000:
Retail Integrity and:				
Trafficking..a/.....	1,950,000:12	1,959,000:12	+28,000:	1,987,000:12
Electronic Benefit				
Transfer..a/.....	610,000:13	10,607,000:13	-0-:	10,607,000:18
Nutrition, Education:				
Initiative..a/.....	500,000:	514,000:	-514,000:	-0-:
Error Reduction..a/:	--	--	+1,000,000:	1,000,000: 5
Subtotal, Other				
Program Costs.....	93,142,000:25	106,545,000:25	+5,242,000:	111,787,000:35
Total, Administra-				
tive costs.....	1,723,368,000:25	1,720,624,000:25	+22,388,000:	1,743,012,000:35
Benefit Reserve.....	2,500,000,000:	2,500,000,000:	--	2,500,000,000:
Liabilities				
and Collections....		-1,000,000:	-20,600,000:	-21,600,000:
Total, Available or				
Estimate.....	27,064,357,000:25	27,045,655,000:25	+642,055,000:	27,687,710,000:35
Total, Budget				
Request.....	27,064,357,000:25	27,045,655,000:25	+642,055,000:	27,687,710,000:35

a/ Fiscal Year 1995 amounts include a request of \$13,253,000 in discretionary additions to the mandatory baseline.

PROJECT STATEMENT
(On basis of available funds)

	1993		1994		Increase	1995	
	Actual		Estimated		or	Estimated	
Project	Amount	Sys	Amount	Sys	Decrease	Amount	Sys
Benefits:							
Correct benefits...	\$20,249,637,209:		\$20,763,546,000:		+\$919,313,000:	\$21,682,859,000:	
Erroneous benefits..	1,760,838,018:		1,756,569,000:		+26,870,000:	1,783,439,000:	
Total, Benefit costs:	22,010,475,227:		22,520,115,000:		+\$946,183,000:	23,466,298,000:	
Administrative					(1):		
Costs.....	1,461,151,068:		1,451,336,000:		+14,865,000:	1,466,201,000:	
Employ. & Training..	157,669,879:		162,743,000:		+2,281,000:	165,024,000:	
Other Program Costs:					(2):		
Food Stamp product.					(3):		
and redemption.....	46,487,520:		73,862,000:		+2,441,000:	76,303,000:	
Computer support					(4):		
Systems..a/.....	2,368,414:		1,496,000:		+460,000:	1,956,000:	
Certification of SSI:					(5):		
recipients for food :					(6):		
stamps.....	4,000,000:		4,080,000:		+69,000:	4,149,000:	
Retailer redemption:					(7):		
& monitoring system:	2,000,000:		2,040,000:		354,000:	2,394,000:	
Recipient and coop-					(8):		
erative services.a/:	880,328:		1,101,000:		610,000:	1,711,000:	
Research, evaluation:					(9):		
& demo projects..a/:	9,579,420:		10,886,000:		+794,000:	11,680,000:	
Retail Integrity and:					(10):		
Trafficking....a/..:	1,926,148:12		1,959,000:12		+28,000:	1,987,000:12	
Electronic Benefit :					(11):		
Transfer..a/.....	608,721:13		10,607,000:13		-0-:	10,607,000:18	
Nutrition, Education:					(12):		
Initiative..a/.....	510,373:		514,000:		-514,000:	-0-:	
Error Reduction..a/:	--		--		+1,000,000:	1,000,000: 5	
Subtotal, Other					(13):		
Program Costs.....	68,360,924:25		106,545,000:25		+5,242,000:	111,787,000:35	
Total, Administra-					(14):		
tive costs.....	1,687,181,871:25		1,720,624,000:25		+22,388,000:	1,743,012,000:35	
Total, Obligations..	23,697,657,098:		24,240,739,000:		+\$968,571,000:	25,209,310,000:	
Unobligated balances:					(15):		
Available, start					(16):		
of year.....	-308,000,000:		--		--	--	
Available, end of					(17):		
year.....			--		--	--	
Unob. Bal. Expir....	3,674,699,902:		2,805,916,000:		-305,916,000:	2,500,000,000:	
Subtotal, Available					(18):		
or Estimate.....	27,064,357,000:25		27,046,655,000:25		+\$62,655,000:	27,709,310,000:35	
Liabilities and					(19):		
Collections.....			-1,000,000:		-20,600,000:	-21,600,000:	
Total, Available or					(20):		
Estimate.....	27,064,357,000:25		27,045,655,000:25		+\$642,055,000:	27,687,710,000:35	
Total, Budget					(21):		
Request.....	27,064,357,000:25		27,045,655,000:25		+\$642,055,000:	27,687,710,000:35	

Fiscal Year 1995 amounts include a request of \$13,253,000 in discretionary additions to the mandatory baseline.

EXPLANATION OF PROGRAM

Overview of Program Development. The Food Stamp Program, which is authorized through September 30, 1995 by the Food, Agriculture, Conservation and Trade (FACT) Act of 1990, P.L. 101-624, helps individuals and families with low incomes obtain a more nutritious diet. The program was initiated on a pilot basis in 1961 and established as a permanent program in 1964. The Food Stamp Program enables low-income households to obtain better diets by supplementing the funds they have to spend on food with food stamps which may be used for purchasing food items at authorized food stores. The Food Stamp Program evolved from the Commodity Distribution to Needy Families Program established in 1936. Commodities purchased for farm assistance purposes were made available for distribution to needy individuals through various Federal, State, and local welfare organizations. In 1961, the basic emphasis of commodity donations changed significantly when an Executive Order expanded the program's objectives from removing surpluses to also encompass raising the quantity and improving the quality of foods distributed. Beginning in that year a food stamp pilot project was undertaken in a number of States.

The Food Stamp Act of 1964 authorized a permanent Food Stamp Program which would gradually supplant commodity distribution. The program was implemented in most counties by 1969, although it was not until Fiscal Year 1975 that the Food Stamp Program expanded to all counties nationally. The Food Stamp Program is currently in operation in all 50 States, the District of Columbia, the Virgin Islands, and Guam. Puerto Rico and the Commonwealth of the Northern Mariana Islands operate block grant programs in lieu of the regular Food Stamp Program.

Eligibility and Benefits. Eligible participants are entitled to food stamp allotments based on their household size and net income after certain deductions. Food stamps increase the food purchasing power of eligible households and thus enable them to attain a better diet than would have been possible without the assistance.

Benefit Costs. The cost of food stamps is paid by the Federal government and is called "benefit" costs. Benefits are issued to program recipients as follows:

1. Regular Issuance -- Food coupons/stamps are the most common form of benefit and are issued on a monthly basis to eligible recipients.
2. Alternative Issuance -- Electronic Benefit Transfer (EBT) is the major alternative method of providing program participants with the value of the coupons used to make food purchases. EBT projects are currently operating statewide in Maryland and in parts of Pennsylvania, Minnesota, Ohio, New Mexico, and Iowa and are planned in other States. Under this system each recipient household is issued a plastic benefit card with a magnetic stripe or a computer chip to make food purchases; no cash or food coupons are involved. At the store, the recipient presents his/her card and enters a unique personal identification number into a terminal that immediately debits the household's account for the amount of purchase at a centralized computer or on the computer chip. The grocer's account at a designated bank is credited for the same amount by a financial institution. Federal funds are shifted from the Federal Reserve to the financial institution to complete the settlement process. In Fiscal Year 1992, regulations were promulgated as required by statute to make EBT available as an operational alternative nationwide.
3. Cash-out and some welfare reform projects enable participants to use cash in lieu of coupons to make their food purchases. Cash-out projects are currently operating in California, Minnesota and Vermont. One county in the States of California, Ohio, and Virginia, four counties in Oregon, and 2 counties in Wisconsin will begin operating cash-out projects in 1994. Allotments are issued to recipient households in the form of a check. Welfare reform projects are currently underway in Alabama and New York. A project in Utah was approved in Fiscal Year 1993 to run through February 1998. The Food Stamp Program aspect of the Washington Family Independence Project ended June 30, 1993.

Generally, the projects consolidate AFDC, General Assistance for families, and food stamps to form a single unified program with one set of rules and with benefits issued in the form of one cash grant to families.

It is estimated that approximately \$700-800 million in benefits will be issued through these alternate methods in Fiscal Year 1994.

4. The Thrifty Food Plan is a model plan for achieving a nutritionally adequate diet. As required by law, the food stamp allotments for the various household sizes are revised October 1 of each year to reflect changes in the

cost of the Thrifty Food Plan as of the prior June. The maximum benefit for a family of four is 103 percent of the value of the estimated plan.

5. A small modified block grant (\$3.7 million) is provided to the Commonwealth of the Northern Mariana Islands in lieu of the regular Food Stamp Program.

State Administration. All direct and indirect administrative costs incurred for certification of households, issuance of food stamps, quality control and fair hearing efforts are shared by the Federal government and the States on a 50-50 basis. Under current law, enhanced Federal funding is available for one ADP system development per State. Costs incurred for proposals approved before November 28, 1990 will be matched at 75 percent; costs incurred for proposals approved after that date will be supported at 63 percent until April 1, 1994 at which time enhanced funding will no longer be available. State agencies can also receive at least 75 percent funding for fraud prevention related activities until April 1, 1994 at which time enhanced funding will no longer be available. For States with low error rates, the normal 50 percent Federal share of State administrative costs can be increased up to a maximum of 60 percent, depending on the extent to which the State's error rate falls below 6 percent. In order to receive this incentive funding, States must also meet a standard set by the Secretary for the rate of improper denials or terminations. State agencies are held liable when their rate of overissuances and payments to ineligible households plus their rate for underissuances exceeds the national performance measure for that year. Liabilities are based on the level of State issuance and the extent to which the State's error rate exceeds the tolerance level. Those States closer to the National Performance Measure pay proportionately less than those further away from the National Performance Measure which is the national average error rate.

Employment and Training Program (E&T). States are required to conduct an employment and training program for the purpose of assisting members of households participating in the Food Stamp Program in gaining skills, training or experience that will increase their ability to obtain regular employment. In Fiscal Year 1994, the Department will provide States 100 percent Federal grants totaling \$75 million, of which \$15 million will be based on State agency performance in placing participants into E&T programs. Additional funds will be spent by State agencies and matched by the Federal government to administer E&T programs.

Other Program Costs. In addition to State administrative and employment and training expenses, other program costs borne by the Federal government include:

- (1) the printing and transporting of food stamps to State agencies; processing and destruction of redeemed food stamps by Federal Reserve Banks; and settlement.
- (2) the computer support systems;
- (3) the certification of SSI/Social Security recipients for participation in the Food Stamp Program by the district offices of the Social Security Administration;
- (4) the redemption and monitoring system;
- (5) recipient and cooperative services including funds for printing other than stamps, State Exchange and collection of Quality Control liabilities and other claims;
- (6) research, evaluation and demonstration projects authorized under Section 17 of the Food Stamp Act of 1977;
- (7) retailer integrity;
- (8) electronic benefit transfer;
- (9) tax refund offset; and
- (10) error reduction.

State/Federal Responsibilities. The Food Stamp Program is a Federal-State partnership in which the States administer the program at the service delivery level. Households apply for food stamps at their local State welfare offices. State workers use uniform nationwide rules promulgated by the Food and Nutrition Service to determine and certify which households are eligible, to calculate the size of each household's allotment, and to monitor and recertify recipient eligibility. Food stamps are typically dispensed on a monthly basis through local banks or the mail.

Each State must have an Employment and Training (E&T) program to help able-bodied individuals in food stamp households gain skills and experience that will help them obtain regular employment.

The Quality Control System encourages payment accuracy by establishing fiscal incentives based on State performance in benefit determinations. State agencies with high error rates are assessed liabilities, while enhanced administrative funding is provided to States with low error rates.

FNS funds 100 percent of the cost of food stamps redeemed. FNS also funds 50 percent of State administrative costs for the program. FNS is responsible for authorizing and monitoring stores participating in the program. Approximately 208,000 stores are authorized to redeem food stamps.

After recipients use their food stamps to purchase food at stores, the stores redeem the food stamps at banks. The banks, in turn, redeem the food stamps at their regional Federal Reserve Bank, and the Federal Reserve Bank seeks reimbursement from the FNS appropriation directly from the U.S. Treasury. FNS also monitors the redemption process on an ongoing basis.

JUSTIFICATION OF INCREASES AND DECREASES

- (1) An increase of \$640,267,000 in the appropriation for Benefit Costs, including the effects of the Mickey Leland Childhood Hunger Relief Act (\$22,826,031,000 budgeted in 1994). The increase consists of:

- (a) An increase of \$637,258,000 for properly issued benefits (\$21,045,601,000 available in 1994)

Need for Change. In Fiscal Year 1995, the anticipated increase in the value of the Thrifty Food Plan (TFP) as well as maintaining the maximum benefit level at 103 percent of the TFP will result in an increase in benefits for all households. Program participation is expected to decrease from 27.4 million per month in Fiscal Year 1994 to 27.3 million per month in Fiscal Year 1995. In addition, the Budget request includes a reserve of \$2.5 billion to be used if unforeseen economic or other circumstances cause an increase in required program payments.

Nature of Change. A comparison of key program workload and cost indicators for Fiscal Years 1993 through 1995 is presented below:

	FY 1993 <u>Actual</u>	FY 1994 <u>Estimate</u>	FY 1995 <u>Estimate</u>
Average participation (000)	26,983	27,394	27,314
Average unemployment rate (percent)	7.00	6.60	6.20
Thrifty Food Plan	\$355.50	\$364.90	\$374.90
Maximum Allotment	\$370	\$375	\$386
Average benefit per person per month	\$67.98	\$68.51	\$71.60

- (b) An increase of \$3,009,000 for erroneous benefits (\$1,780,430,000 budgeted in Fiscal Year 1994).

Need for Change. The overpayment error rate is projected to decline from 7.8 percent in Fiscal Year 1994 to 7.6 percent in Fiscal Year 1995. The dollar value for overall benefit costs is expected to increase, the amount of erroneously issued benefits is expected to increase slightly.

Nature of Change. A comparison of overpayment error rates and erroneous benefits follows:

	FY 1993 <u>Actual</u>	FY 1994 <u>Estimate</u>	FY 1995 <u>Estimate</u>
Amount of erroneous benefits (\$ millions)	\$1,761	\$1,756	\$1,783
Overpayment Error rate	0.080	0.078	0.076

- (2) An increase of \$14,865,000 in the appropriation for State administrative costs, including the effects of the Mickey Leland Childhood Hunger Relief Act (\$1,451,336,000 available in 1994).

Need for Change. Based on the most recent economic projections, moderate rates of inflation between 1994 and 1995 are expected to increase the cost of providing food stamp benefits.

Nature of Change. This increase reflects the application of a projected rate of inflation of 2.6 percent to the Fiscal Year 1994 base level for costs shared by State and local agencies and the Federal Government.

- (3) An increase of \$2,281,000 in the appropriation for the Employment and Training Program (\$162,743,000 available in 1994).

Need for Change. This increase is necessary to provide matching funds for participant reimbursements and State administrative costs to carry out the Employment and Training Program.

Nature of Change. Public Law 99-195 mandates the Secretary to allocate funds among the States to carry out the Employment and Training Program. This level of funding will enable the Department to provide States \$75 million authorized for 100 percent federally-funded grants, additional matching funds for participant reimbursements and matching funds for additional State administrative costs to assist them in providing employment and training services.

- (4) A net increase of \$5,242,000 in the appropriation for Other Program Costs, including the effects of the Omnibus Reconciliation Act of 1993 (\$106,545,000 available in Fiscal Year 1994).

Need for Change. Increases in other program costs are primarily attributed to increases associated with higher program benefit payments and the rates of inflation projected between 1994 and 1995, the need for developing protocol to support large scale Electronic Benefit Transfer (EBT) systems, and program integrity.

Nature of Change.

- (a) Food Stamp Production and Redemption:

An increase of \$1,239,000 is required in the appropriation for printing of stamps (\$45,514,000 available in Fiscal Year 1994). An increase of \$89,000 is needed in the appropriation for shipping of stamps (\$5,263,000 budgeted in Fiscal Year 1994). An increase of \$1,113,000 is necessary in the appropriation for processing redeemed stamps with the Federal Reserve (\$23,085,000 budgeted in Fiscal Year 1994).

- (b) An increase of \$460,000 for the cost of computer support systems (\$1,496,000 budgeted in Fiscal Year 1994). The projected need for Fiscal Year 1995 includes funding for the Integrated Quality Control Project, the Disqualified Recipient System, and other program systems.
- (c) An increase of \$69,000 in the appropriation for the cost of certification of Supplemental Security Income recipients for food stamps (\$4,080,000 budgeted in Fiscal Year 1994).
- (d) An increase of \$354,000 in the appropriation for the cost of the retailer redemption and monitoring system (\$2,040,000 budgeted in Fiscal Year 1994). These funds are used to cover the printing and distribution cost of the redemption certificates used by retail stores in order to redeem their food stamps through the banking system. The \$354,000 increase in Fiscal Year 1995 is due to Store Tracking and Redemption Subsystem (STARS) enhancements as well as small incremental changes in software and maintenance fees.
- (e) An increase of \$610,000 in the appropriation for recipient and cooperative services (\$1,101,000 budgeted in Fiscal Year 1994). The \$1,711,000 projected need for Fiscal Year 1995 includes funding for printing other than stamps, the State Exchange Project and Food Stamp Program litigation costs and collection of claims.

- (f) An increase of \$794,000 in the appropriation for research, evaluation and demonstration projects (\$10,886,000 budgeted in Fiscal Year 1994). These funds support FNS' research agenda in several areas including welfare reform, coordination and simplification, and evaluation of program effectiveness and responsiveness. Up to \$2 million of these funds will be used to test improved food stamp delivery to rural, elderly and working people. Up to \$2.75 million of these funds will be used to test better integration of nutrition in the Food Stamp Program.
 - (g) An increase of \$28,000 in the appropriation for retailer integrity (\$1,959,000 budgeted in Fiscal Year 1994) which includes \$19,200 for the Fiscal Year 1995 pay raise. This increase would support staff years and associated costs for retailer compliance and the retailer data base update. Retailer Integrity resources are used for:
 - o 12 investigator staff and related costs to concentrate on retailer food stamp trafficking;
 - o continued update of retailer data in the FNS automated database to assist in the identification and investigation of retailer trafficking.
 - (h) The funding level for Electronic Benefit Transfer implementation and oversight is \$10,607,000 (\$10,607,000 budgeted in Fiscal Year 1994). Electronic Benefit Transfer resources include \$28,800 for the Fiscal Year 1995 pay raise and are used for:
 - o 18 staff years and related costs to concentrate on State implementation and operation of food stamp EBT;
 - o continued food stamp settlement service and reconciliation development, EBT system design, and remaining FNS food stamp systems modifications.
 - (i) A decrease of \$514,000 in the appropriation for the Nutrition Education Initiative (\$514,000 budgeted in Fiscal Year 1994) since related efforts are planned under the area of research, evaluation, and demonstration projects.
 - (j) An increase of \$1,000,000 in the appropriation for error reduction. The increase will provide for 5 staff years and enable increased Federal presence in working with the States to substantially improve their management oversight and administration of the Food Stamp Program in a manner which will reduce error rates.
- (5) An increase of \$20,600,000 for collections (\$1,000,000 budgeted in Fiscal Year 1994).

Need for Change. This estimate reflects an increase in collections, primarily through the Federal Tax Refund Offset Program, from States.

Nature of Change. The Fiscal Year 1995 estimate assumes that there will be a savings of \$21.6 million.

FOOD STAMP PROGRAM

STATUS OF PROGRAM

The Food Stamp Program (FSP) supplements the food purchasing power of low-income households by issuing coupons redeemable for food at authorized retail stores. This program helps ensure that low income recipients have access to a nutritious diet and can follow the Dietary Guidelines for Americans. In addition to benefit costs, the Food Stamp appropriation provides for State administrative costs, and other program costs such as printing and distribution of food stamps and funds for grants to States for Employment and Training Program activities.

Fiscal Year 1993 saw the continuation of major efforts to improve the management of the Food Stamp Program. Attention remained focused on reducing Federal costs through improving program management and decreasing the instances of error, fraud, and abuse in the program while continuing to respond to the needs of low-income persons, in terms of both benefits and service. These program management improvements were the product of numerous administrative actions taken by the Food and Nutrition Service (FNS). Increased emphasis was also placed on Electronic Benefit Transfer (EBT), Nutrition Education, and efforts to conform program requirements to those of programs with similar participants. An important FNS initiative for Fiscal Year 1993 was proposing major legislation to significantly increase food stamp benefits, simplify and improve program administration, and help assure the integrity of the Food Stamp Program. The Administration's proposals were essentially retained in P.L. 103-66, the Mickey Leland Childhood Hunger Relief Act. Finally, significant activity resulted from FNS' operation of emergency disaster Food Stamp programs in three disaster-affected areas.

Program Participation

Participation during Fiscal Year 1993 averaged 27.0 million persons per month. Total benefit costs for Fiscal Year 1993 were \$22.0 billion for an average monthly benefit of \$67.98 per person. In Fiscal Year 1992, monthly participation averaged 25.4 million persons and monthly benefits averaged \$68.57 per person. Monthly unemployment averaged 7.3 percent in Fiscal Year 1992 and 7.0 percent in Fiscal Year 1993.

Food Stamp participation data for Fiscal Year 1993 indicates that the rate increase in program activity slowed significantly compared to the prior year. Average monthly participation grew by 1.6 million persons, 6.3 percent above Fiscal Year 1992. Average participation has risen by 8.2 million persons or 43.6 percent, in comparison to Fiscal Year 1989.

Fiscal Year 1993 growth represents the continuation of participation trends that began to emerge in the program early in the third quarter of Fiscal Year 1989. Our research attributes the start of this trend to a variety of reasons, and no single explanation predominates. The most important factors were the expansion of the Medicaid Program, the slackening of economic growth, and legislative and other changes intended to improve access to the program.

Characteristics of Food Stamp Households

The Food Stamp Program serves the nation's most needy households. The following information is derived from the Summer 1992 Characteristics of Food Stamp Households Report:

- The average household size is 2.5 persons.
- The average gross monthly income per food stamp household is \$481 (the annual equivalent of \$5,772); the average net income is \$258 a month -- \$3,096 a year.
- 10 percent of households have zero gross income and 20 percent have zero net income.
- 38 percent of all households have gross incomes of less than \$400 per month (the annual equivalent of \$4,800).
- 76 percent own no countable assets, and an additional 18 percent own countable assets valued at \$500 or less.
- Average countable assets per household were \$80, but for households with elderly members the average was \$198.
- Slightly over half (51.7 percent) of food stamp recipients are children, while 6.6 percent are elderly.

- Food stamp recipients who are able to work are doing so or are meeting the program's work requirements in other ways.
- 7 percent of all heads of households are employed full-time.
- 20 percent of households have earned income.
- 32 percent of non-elderly adult participants are registered for work through the Food Stamp Program or are subject to the work requirements of the Aid to Families with Dependent Children program.

Significant Regulations and Notices Issued in Fiscal Year 1993

Food Stamp Application and Income Exclusion Provisions of the 1990 Farm Bill -

This final rule, published January 5, 1993, eliminated the need for all household members to sign a declaration of citizenship or alien status and excluded certain annual clothing allowances and general assistance vendor payments from income.

Good Cause Relief From Quality Control Error Rate Liabilities -

On September 28, 1992, this final rule was published in response to changes required by Section 604 of the Hunger Prevention Act of 1988 (P.L. 100-435). The rule established procedures and time frames for State agencies to request good cause relief from potential Quality Control (QC) liabilities, the criteria considered as a basis for good cause relief, and the methodology used to determine the amount of any good cause waiver.

Waivers

In Fiscal Year 1993, requests for waivers of regulatory provisions continued at a high rate, and new requests were received in the areas of Electronic Benefit Transfer (EBT) and nutrition education. Of the 183 requests, FNS approved 154 and denied 29. Approvals provided State agencies increased flexibility in application processing, recertification, delivery of benefits, management evaluation reviews, and use of computerized reporting procedures. Waivers also were approved in connection with emergency food stamp issuance to victims of natural disasters in Florida and Illinois.

Disasters

During Fiscal Year 1993, FNS operated emergency disaster Food Stamp Programs in Missouri, Iowa and Illinois, which were affected by the flooding of the Mississippi River and other rivers in the Midwest. Assistance was provided for one or two months.

Participation and cost totals for the flooding disasters in the three States are:

FOOD STAMP PROGRAM DISASTER ASSISTANCE

<u>State</u>	<u>Households</u>	<u>Benefits</u>
Missouri	17,916	\$5,642,261
Illinois	5,307	1,463,996
Iowa	<u>6,938</u>	<u>1,839,550</u>
TOTAL	30,161	\$8,945,807

Court Suit Activity in the Food Stamp Program

During Fiscal Year 1993, 44 court suits were filed against the Food Stamp Program. Ten of these court suits were filed against USDA. There are presently 181 active cases, excluding quality control (QC) and retail/wholesale suits. Major issues involved in litigation during the year were the treatment of HUD utility payments as income, failure of State agencies to process applications in a timely manner and late payment interest charges. In April 1993, the United States Supreme Court ruled for USDA on late payment interest charges. This decision reversed earlier adverse appeals court decisions in four circuits.

Litigation regarding the quality control system and the resultant liabilities has now been completed. The only case which was pending at the end of Fiscal Year 1993 was against the Commonwealth of Massachusetts in the amount of \$1,323,864. In January 1993, the United States Court of Appeals for the First District upheld a 1992 District Court's decision awarding FNS the full amount of the billing. The Court of Appeals ruled that the statistical system used by FNS for calculating the

error rate and corresponding liabilities was a rational one that was not arbitrarily conceived or profoundly flawed or operated in a wholly capricious manner. In June 1993, the Commonwealth of Massachusetts filed a writ for certiorari requesting a hearing from the Supreme Court.

Program Management Improvement Initiatives

The Food Stamp Program continued the joint Federal-State effort begun in 1983 to reduce errors and fraud and to increase program efficiency.

The focus of the effort is to coordinate the exchange of information among States and provide technical assistance. In Fiscal Year 1993, the following efforts were pursued in support of local level management improvement initiatives:

FNS supported a broad range of initiatives by its regional offices and State cooperating agencies. These initiatives included conferences sponsored by FNS and State agencies on topics in the areas of payment accuracy, Electronic Benefit Transfer (EBT) and corrective action. In addition, the national and regional office staff participated in a number of public interest group meetings.

In Fiscal Year 1993, FNS continued to place emphasis on the need for States to make food stamp payment accuracy a high priority. FNS actively supported State efforts toward this goal. This support included encouraging States to share resources by forming joint partnerships with other State and local agencies. States shared common problems and approaches to improving payment accuracy through these partnerships. FNS also provided technical assistance to State and local offices. This assistance included the publication of TARGET, a catalog of practices aimed at improving program management and payment accuracy.

Helping State agencies fund payment accuracy efforts was also emphasized in Fiscal Year 1993. FNS' efforts included continuing to provide enhanced administrative funding to State agencies which met specific error rate goals. In Fiscal Year 1993, FNS provided \$6,563,540 in enhanced administrative funding to five State agencies based on their error rate performance for Fiscal Year 1992. These five State agencies were Hawaii, Kentucky, North Dakota, South Dakota, and the Virgin Islands. In addition, twenty-two State agencies agreed to resolve potential quality control liabilities for Fiscal Years 1986-1991 by investing approximately \$45 million in program operational improvements specifically designed to reduce errors measured by the quality control system over the next five years.

The State Exchange Project, an important component of the management improvement initiative, is based on the premise that State and local agencies can often best solve their problems by sharing in the experience of other State and local agencies. State Exchange funding was first provided in 1983 to reimburse State agency officials for the cost of visiting another State agency with known expertise in a particular area. In Fiscal Year 1993, \$349,000 in State Exchange funding was allocated for State agencies.

Electronic Benefit Transfer (EBT) Systems

In July 1993, the Secretary announced a policy of initiating EBT in all States by the end of 1996. There are currently 6 EBT systems in operation: Reading, Pennsylvania; Albuquerque, New Mexico; Ramsey County, Minnesota; Maryland (statewide); Cedar Rapids, Iowa; and Dayton, Ohio. Iowa implemented its system which is voluntary for recipients in June 1993 and Maryland completed its statewide expansion in April 1993. New Mexico is in the process of expanding statewide. Approximately 30 other State agencies have some EBT activity underway, ranging from early planning through system design and development.

A "smart card" or off-line demonstration project is operating in Dayton, Ohio. This project was fully implemented in June 1992 and will be the subject of an evaluation scheduled for release in 1994. Ohio is currently planning to expand that system statewide. Wyoming has received approval to implement an off-line demonstration project for food stamps and WIC benefits; this also will be the subject of an FNS evaluation.

Massachusetts Quarterly Demonstration Project

In 1992, the Department approved this project which allows Massachusetts to issue food stamp benefits Statewide on a quarterly basis to SSI elderly and disabled recipients who receive \$10.00 in monthly food stamp benefits. Project operations began in July 1992 and will end in July 1995.

Welfare Simplification and Coordination Advisory Committee

The Welfare Simplification and Coordination Advisory Committee was established in December 1990 by the Mickey Leland Memorial Domestic Hunger Relief Act. Congress charged the 11-member Committee with identifying barriers to participating in more than one assistance program. The Committee was also to examine the policies and procedures which make it difficult to administer the Food Stamp, Aid to Families with Dependent Children, Medicaid, and housing assistance programs efficiently and effectively.

On July 1, 1993, the Committee submitted its report to Congress and the Secretaries of Agriculture, Health and Human Services, and Housing and Urban Development. The report, entitled Time for A Change: Remaking the Nation's Welfare System concluded that changes to the current system must be made now to reverse the trend toward more complexity and confusion and to replace it with a simpler and more responsive system. The report's primary recommendation is to replace the numerous programs that currently serve needy individuals with one family-focused, client-oriented, comprehensive program. Interim recommendations include: coordinate congressional activities involving public assistance programs; ensure that all low-income Americans have access to quality health care; establish uniform eligibility rules and definitions for all needs-based programs; expand demonstration project authority; use the success of individuals and families in achieving self sufficiency in measuring the success of programs; establish uniform implementation dates for changes in programs, encourage States to form public/private partnerships to meet clients' needs; establish a single employment and training program; streamline the verification process; use a single case manager for all programs; permit the sharing of client information among agencies; and make information on eligibility more readily available.

The response to the report was favorable and all 1,400 printed copies of the report were distributed. The submission of the Committee's report signaled the conclusion of the Committee's activities.

Collection of Claims Against Recipients

State agencies are required to establish claims against households which receive more benefits than they are entitled to receive. Two categories of claims cover household failure to report information about their circumstances. These categories are intentional program violation (IPV) and inadvertent household error claims. A third category of claims covers State agency administrative errors. As an incentive for collecting claims, State agencies can retain 25 percent of collections of IPV Claims and 10 percent of collections of inadvertent household error claims. In Fiscal Year 1992, State agencies collected \$108.3 million in recipient claims.

In Fiscal Year 1991, the Department initiated a test of collecting IPV and inadvertent household error claims from Federal income tax refunds. In its first year, this test involved two States and collections totalled about \$3.5 million during calendar year 1992. In calendar year 1993, seven additional States began participating and collections totalled about \$8.5 million. Twelve new States will be added in calendar year 1994.

In Fiscal Year 1993 FNS contracted with KPMG Peat Marwick to develop prototype standard accounting procedures for recording, maintaining and reporting food stamp recipient claims account receivables at the State level. These receivables are overpayments in the above described categories, and represent amounts due to FNS. In the first two quarters of Fiscal Year 1994 KPMG Peat Marwick will be traveling to selected states to review current accounting procedures used to process and report on food stamp recipient claims. The contractor will use this information and a review of current Federal accounting standards to develop and deliver the prototype standard procedures by the end of Fiscal Year 1994.

Error Rate Liability System and Enhanced Funding

For Fiscal Year 1992, the combined payment error rate, which combines overpayment and underpayments, was 10.69 percent. The combined payment error rate was 9.30 percent in Fiscal Year 1991.

During Fiscal Year 1992, five State agencies qualified for approximately \$6.5 million in enhanced funding made available by statute because they achieved low error rates.

For Fiscal Year 1992, twelve State agencies were notified of potential liabilities totaling \$258,488,143. The Mickey Leland Childhood Hunger Relief Act affected the Food Stamp Program's quality control system retroactive to Fiscal Year 1992. Among

the provisions contained in that Act are a revision in the error rate tolerance and changes in the method used to calculate the claims against State agencies that exceed error rate tolerances. The revised liabilities total \$117,094,304. Potential liabilities against California (\$658) and Iowa (\$657) were waived based upon a determination that pursuit of these small claims is not in the best interest of the Food Stamp Program.

The potential liabilities for Fiscal Years 1986 through 1991 were resolved under a settlement agreement reached January 19, 1993. Most State agencies will invest 15 percent of their total liability amounts in program operational improvements specifically designed to reduce errors measured by the quality control system over the next five years; the remainder of the liabilities will be waived. One State agency will invest 10 percent of its liabilities, one State agency made a cash payment of 35 percent for its liability under an earlier settlement offer, and two State agencies made cash payments for their 15 percent liability amounts.

Error Reduction

Over and underpayments to Food Stamp recipients have been a problem that FNS has worked on for years. Until Fiscal Year 1992, steady progress was made reducing the percent of benefits issued in error (see table below). However, a variety of factors, including State budget cuts, the increase in food stamp caseload and ineffective State administration increased error rates in Fiscal Year 1992. The total amount of over and underpayment has increased, even though the percentage declined, until February 1992, due to increases in total issuance. Error rates and the losses they represent are a particular concern because overpayment dollar loss at \$1.7 billion in Fiscal Year 1992 is the largest integrity problem faced by USDA. Further, the errors create inequities for recipients. While 72 percent of households received the right amount of food stamps in Fiscal Year 1992, 18 percent received more than the law provides while 10 percent received less than they should.

FNS has made error reduction a high priority for years. The agency completes error assessment through a statistical sampling system in every State called the Quality Control (QC) system. Based upon QC data, FNS sanctions those States with the highest error rates and offers additional funding to those with the very lowest error rates. FNS has negotiated plans with States to allow the "reinvestment" of liabilities into error reduction activities. Most importantly, technical assistance is provided to States to help them develop corrective action. The transfer of best practices between States is facilitated by FNS through providing special funding that allows State officials to travel and see other States' operations. FNS has also worked with States and DHHS to reduce the complexity of the program and increase its conformity with AFDC, which should help reduce errors.

	FY 1982	FY 1986	FY 1987	FY 1988	FY 1989	FY 1990	FY 1991	FY 1992	% Change FY 82-92
Stamps in Billions	\$10.2	\$10.6	\$10.5	\$11.1	\$11.7	\$14.2	\$17.3	\$20.9	104.9
Issued In Error	\$ 1.2	\$ 1.1	\$ 1.1	\$ 1.1	\$ 1.1	\$ 1.4	\$ 1.6	\$ 2.2	83.3
Error Rate By FNS Region:									
Northeast	14.5	11.0	12.0	12.0	13.7	13.0	9.9	10.1	-30.3
Midwest	11.0	10.8	10.0	10.2	10.0	10.5	10.2	11.0	0
Western	11.8	10.4	10.2	10.5	10.0	10.4	10.0	10.6	-10.2
Southwest	12.4	12.1	10.5	10.0	9.9	9.9	9.9	10.6	-14.5
Southeast	11.3	10.1	11.0	9.6	8.7	8.5	8.6	12.5	10.6
MidAtlantic	11.8	8.9	9.4	8.6	8.1	8.2	7.8	8.7	-26.3
Mountain Plains	11.2	7.1	7.3	8.2	9.2	8.0	7.8	8.6	-23.2
U.S. Total	12.0	10.4	10.2	9.9	9.8	9.8	9.3	10.7	-10.8

Employment and Training Program

The Food Security Act of 1985 required State agencies to establish a Food Stamp Employment and Training (E&T) Program by April 1, 1987. The program is designed to improve food stamp recipients' ability to gain employment, thereby increasing earnings and reducing dependency on public assistance. State agencies operate a variety of employment and training activities, including job search and job search training, self-employment activities, and vocational and education activities.

As a condition of eligibility for food stamp benefits, applicants who are not specifically exempted by the Food Stamp Act must register for work at the time of application for benefits. Certain other 196X work registrants are exempted from E&T participation by State agencies. Work registrants are the most job ready of the foodstamp population and comprise approximately 8 percent of all food stamp recipients.

In Fiscal Year 1993, State agencies reported 6,244,052 new work registrants. Of the applicants required to register for work in Fiscal Year 1993, 1,193,808 were regarded as mandatory participants. An additional 118,419 work registrants volunteered to be placed into E&T components. State agencies issued 442,657 Notices of Adverse Action (NOAA) to recipients who did not comply with work registration requirements.

There are three categories of Federal funding. In Fiscal Year 1993, State agencies spent the following amounts in each category: (1) the entire \$75 million allotted in 100 percent federally-funded grants; (2) \$61.8 million in Federal funding to match additional administrative costs incurred by the State agencies; and (3) \$21.2 million for the cost of reimbursing participants for transportation and dependent care expenses incurred in fulfilling their E&T obligations.

Optional Workfare

Optional workfare programs, which operate separately from Employment and Training programs, require able-bodied recipients to perform work in public service jobs in exchange for their food stamp allotments. In Fiscal Year 1993, 12 communities were operating Optional Workfare Programs.

E&T/JOBS Conformance Demonstration Projects

The E&T/JOBS Conformance Demonstration Project began October 1, 1992. Five State agencies were chosen to participate in the project to demonstrate the effectiveness of conforming the E&T Program and the JOBS Program. The participants are currently at various levels of operation, with two State agencies implementing their projects in Fiscal Year 1993. Georgia implemented its demonstration in four designated counties on April 1, 1993. South Dakota began its project in all twenty counties served by E&T on April 1, 1993. Expanded support services for participants were implemented in June 1993. Three State agencies--Hawaii, Missouri, and Texas--did not implement their projects during Fiscal Year 1993; however, Texas implemented its demonstration in McLennan County on October 1, 1993.

Compliance Branch Investigative Activity

During Fiscal Year 1993, with an increased emphasis on detecting trafficking, the Compliance Branch found trafficking occurring in 841 investigations, an increase of 78 (approximately 10 percent) over Fiscal Year 1992. A major activity during Fiscal Year 1993 involved the continued promotion of Federal civil prosecution of Compliance Branch trafficking cases under the Federal False Claims Act. Civil prosecutive actions were initiated in 24 U.S. District Courts. 82 settlements totaling \$1.1 million were negotiated with violating retailers in Fiscal Year 1993.

The Compliance Branch investigated 4,644 stores in Fiscal Year 1993. Of those stores investigated, 2,147 or 46 percent revealed violations of program regulations. Violations serious enough to warrant disqualification or civil money penalties were uncovered in 1,387 stores, or 30 percent of the total investigated. Stores with less serious violations received an official warning letter, a record of which is maintained as part of their file on program participation.

Retailer Reauthorizations

The FACT Act provided for the periodic reauthorization of all food stores participating in the Food Stamp Program. This reauthorization process includes: determining the continued eligibility of stores, as well as updating the retailer data base with information regarding store characteristics, ownership and related identifying information, sales information and key eligibility factors. This

database is the primary tool used by FNS to monitor over 207,000 firms and identify potential violators for investigation. Thus, it is critical that information on stores be updated at least once every two years.

For the Fiscal Year 1992-1993 cycle, FNS reauthorized 160,000 firms to participate in the Food Stamp Program, and withdrew 35,000 firms because they no longer met authorization criteria or failed to cooperate and provide information to make a determination. FNS has begun a new reauthorization cycle in Fiscal Year 1994.

Expedited Service Cash-Out Demonstration Projects

In 1990, the Department gave approval to Minnesota and Vermont to implement projects which provide cash benefits to households eligible for expedited service. In Minnesota, an expedited service household receives 25% of its first month benefits in cash; the remainder is in coupons. Vermont provides the full first month allotment in cash. Minnesota implemented its project in September 1990 and the evaluation has been completed. The results of the project include: cashout enabled Minnesota to centralize benefit issuance which provided significant advantages in efficiency and administrative expenditures at the county, State, and Federal levels; program participants indicated a high level of satisfaction with cashout and there was very minimal client inconvenience; and misuse of the benefit check, such as purchasing nonfood items, is properly controlled. Vermont implemented its project in 1991; the evaluation has not been completed.

"Welfare Reform" Demonstration Projects

In Fiscal Year 1993, FNS approved five welfare reform proposals involving food stamp waivers in Iowa, Maryland, Vermont, Virginia, and Wisconsin. Of the newly-approved proposals, only the Wisconsin proposal included a cash-out component.

Six welfare reform projects were underway prior to Fiscal Year 1993, including projects in Alabama, Michigan, Minnesota, New York, Ohio, and Utah. A separate cash-out only project continues to operate in San Diego County, California.

The Food Stamp Program aspect of the Washington Family Independence Project ended June 30, 1993 after five years of operation. The project, which tested cashing out food stamp benefits, yielded the following results: households spent less on food which lowered the nutrient availability of several nutrients, although the majority of households still exceeded the Recommended Daily Allowance (RDA) levels for most nutrients.

Welfare reform proposals submitted to FNS may not restrict eligibility for food stamp benefits or reduce benefit amounts. Proposals must also contain provisions to evaluate the effectiveness of the demonstration project.

Anti-Fraud Funding for State Agencies

In Fiscal Year 1993, \$93.1 million was available to State agencies for anti-fraud activity. Anti-fraud funding is designed to cover not less than 75 percent of State agencies' costs in the area of investigation and prosecution of fraud cases and the collection of fraud claims. In Fiscal Year 1993, a total of 53 State agencies were approved for 75 percent enhanced funding. Of these, 43 State agencies had agreements with State or local prosecutors to facilitate the prosecution of cases and the imposition of food stamp disqualifications. During Fiscal Year 1992, the last year for which we have complete data, approximately 30,000 persons were disqualified from the program as a result of prosecutions, and 42,000 were disqualified through administrative hearings.

Information on Persons Disqualified from the Food Stamp Program

FNS implemented a redesigned computer matching program to collect and disseminate information on individuals who have been disqualified from participation in the Food Stamp Program for Intentional Program Violations. Disqualification data is submitted by the State welfare agencies to the FNS-maintained database which in turn is available to all State welfare agencies for program enforcement purposes. Currently, 40 State welfare agencies are eligible to participate with the remainder expected to be on board by April 1994.

Program Responsiveness

In Fiscal Year 1993, FNS awarded more than \$1.7 million to 16 nonprofit organizations to conduct a series of demonstration projects designed to examine ways to improve program responsiveness. These projects target members of rural, elderly, and homeless populations; low-income working families with children; non-English

speaking minorities; and Native Americans. The demonstration projects will test many different approaches such as one-on-one application assistance, transportation to the local office, alternate hours to learn about the program and to file applications, and translation services. All grantees will be creating various types of informational materials to help alleviate misconceptions about program requirements. An independent evaluation firm will be reviewing the effectiveness of the approaches being tested.

Legislation

In Fiscal Year 1993, four public laws were approved that affect the program:

- o P.L. 102-586, the Juvenile Justice and Delinquency Prevention Act Amendments, approved November 4, 1992, exempted any funds designated for Child Care Block grants from being counted as income for any other Federal programs that base eligibility on need, including the Food Stamp Program.
- o P.L. 103-11, approved April 1, 1993, delayed, from April 1, 1993 to January 31, 1994, implementation of a P.L. 102-237 requirement to stagger food stamp issuance for families living on Indian reservations and a prohibition against requiring such households to report monthly on household circumstances.
- o P.L. 103-31, the National Voter Registration Act of 1993 approved May 20, 1993, required that all offices in a State that provide public assistance (including food stamp offices) must distribute mail voter registration application forms; must assist applicants in completing applications, unless such assistance is refused; and accept completed applications for transmittal to the appropriate State election official. P.L. 103-31 is effective January 1, 1995, but would be effective January 1, 1996, or later, in States that must approve constitutional amendments in order to comply.
- o P.L. 103-66, the Omnibus Budget Reconciliation Act of 1993, Chapter 3 of which is the Mickey Leland Childhood Hunger Relief Act, approved August 10, 1993, contained the following provisions:
 - Excluded as income of the household, earnings of elementary or high school students who are members of the household and are 21 years old or younger.
 - Eliminated the shelter deduction cap in increments. The cap would be \$231 from July 1, 1994, through September 30, 1995 (\$402 for Alaska, \$330 for Hawaii, \$280 for Guam, and \$171 for the Virgin Islands); \$247 from October 1, 1995, through December 31, 1996 (\$429 for Alaska, \$353 for Hawaii, \$300 for Guam, and \$182 for the Virgin Islands); and no cap beginning January 1, 1997.
 - Excluded earned income tax credits (EITCs) as resources for 12 months from receipt if the individual receiving the EITC was participating in the FSP when the EITC was received and participates continuously during the 12-month period.
 - Excluded as income entire amount of vendor payments for transitional housing for the homeless.
 - Revised the provision on counting general assistance (GA) vendor payments as income so that only those vendor payments provided to cover housing expenses, exclusive of energy or utility expenses, are included as income.
 - Eliminated proration of benefits for households unless they are off the FSP for more than 1 month.
 - Increased Puerto Rico's Nutrition Assistance Program authorized funding by \$6 million for Fiscal Year 1994 and \$10 million for Fiscal Year 1995.
 - Gave State agencies the option to provide a deduction for legally-binding child support payments made to nonhousehold members. By October 1, 1995, the deduction would become mandatory. Authorized the Secretary to establish in regulations the methods (which may include retrospective budgeting) to be used to determine the amount of the deduction.
 - Raised the cap on the dependent care deduction from \$160 to \$200 for children under 2 years old and \$175 for all other dependents.

- Removed the specific dollar cap on dependent care reimbursements under the Employment and Training Program; required the use of applicable local market rate (using procedures consistent with the aid to Families with Dependent Children's Job Opportunities and Basic Skills Training Program) instead, but that rate must be at least \$200 for children under 2 and \$175 for all other dependents. Provided 50 percent Federal funding for amounts State agencies reimburse up to the applicable market rate.
- Set the fair market value of vehicles which is excluded in determining households' resources at \$4,550 for September 1, 1994 - September 30, 1995 and \$4,600 for October 1, 1995 - September 30, 1996. From October 1, 1996, the value will be adjusted annually using \$5,000 as a base and the CPI-U for new cars for the 12 months ending the preceding June and rounding to the nearest \$50.
- Excluded as resources, the value of vehicles used to carry the primary source of fuel for heating or water for home use.
- Mandated that the Department conduct demonstration projects testing allowing food stamp households to accumulate up to \$10,000 in resources without losing their food stamp eligibility. Limited the demonstration projects to 4 years duration (beginning after September 30, 1993) and 11,000 households. Required households to maintain the additional resources in separate accounts and required that the resource be intended for one of the following purposes: (1) improving the education, training, or employability (including self employment) of household members, (2) purchasing a home for the household, (3) changing the household's residence, and (4) making major repairs to the household's home.
- Simplified the household definition: children 21 years old and under living with their parents cannot be separate households from their parents unless they are married and living with their spouses and/or living with their children; children (other than foster children) who are under 18 years old and live under the parental control of an adult household member cannot be separate households; adult siblings who live together and adult children who live with their parents can be separate households if they purchase and prepare food separately; retained the Fenwick provision for separate household status of elderly, disabled people.
- Permitted the children of drug addicts and alcoholics who live with their parents in treatment centers to qualify for food stamps. Made the meals served to those children by the centers eligible for purchase with food stamps.
- Effective October 1, 1993, expanded the disclosure provision to permit collection of claims resulting from intentional program violations and inadvertent household errors by offsetting Federal pay. Authorized such claims collection.
- Disqualified recipients for 1 year for a first finding by a court that the recipient has purchased illegal drugs with food stamps and permanently for a second such finding or the first finding by a court that the recipient has purchased firearms, ammunition, or explosives with food stamps.
- Effective October 1, 1993, raised the cap on civil money penalties for trafficking to \$40,000 per investigation.
- Effective October 1, 1993, raised the cap on civil money penalties for selling firearms, ammunition, or explosives for food stamps to \$40,000 per investigation.
- Modified the quality control (QC) system retroactive to October 1, 1991 to:
 - Permit interest to accrue if bills are not paid after 1 year;
 - Use each year's national performance measure to establish a State agency's liability;
 - Calculate a State agency's liability by multiplying its issuance times the ratio of the amount the State agency's payment error

- rate exceeds the national performance measure to the national performance measure (but not greater than 1) times the amount the State agency's payment error rate exceeds the national performance measure;
- Require that all case reviews and arbitrations be completed by March 29 (or March 28 in leap years) and require the Department to determine final error rates, the national average payment error rate, and billing amount by April 28 (or April 27 in leap years);
- Require that good cause determinations be made by administrative law judges (ALJs) rather than the Secretary;
- Provide the following timeframes relative to the ALJs' determination of billing amounts:
 - 10 days after the billing for the State agency to request an appeal
 - 60 days for the State agency to submit evidence in support of its appeal
 - 60 days for the Department to respond
 - 30 for State agency rebuttal, if any
 - 60 days after the submission of the State agency's rebuttal for the ALJs' decision or, if there is no rebuttal, 90 days after the State agency's original submission of evidence (60 of which are available to the Department for the preparation of its response)
 - Authorize the ALJs to extend any of the above deadlines
 - Retroactive to October 1, 1991, require the ALJs to hold evidentiary hearing upon the request of either the State agency or the Department
 - Define "good cause" to include:
 - a natural disaster or civil disorder that adversely affects FSP operations
 - a strike by State agency employees who make eligibility determinations or process changes
 - significant growth (e.g., 15%) in a State's caseload
 - a FSP change or other Federal or State program change that substantially or adversely impacts FSP management
 - a significant circumstance beyond the control of the State agency.
- Modified the quality control (QC) system retroactive to October 1, 1992 to:
 - Exclude errors made in applying a new regulation for a 120-day period following the required implementation date (rather than 60 or 90 days);
- Effective April 1, 1994, provided 50 percent Federal funding for State agencies' administrative costs for automation, fraud investigations and prosecutions, and the Systematic Alien Verification for Entitlement system. Provided for later implementation for States whose legislatures do not have a regular session in Calendar Year 1994 and that have no mechanism under constitutions or State laws for appropriating the necessary additional funds before the next legislative session.
- Most provisions were effective September 1, 1994, unless otherwise indicated.

FOOD STAMP PROGRAM
SUMMARY OF BENEFIT COSTS, PARTICIPATION AND STATE ADMINISTRATIVE FUNDING
FISCAL YEAR 1993

STATE OR TERRITORY	AVERAGE PARTICIPATION IN THOUSANDS		BENEFIT VALUE OF STAMPS ISSUED (000)	AVERAGE MONTHLY BENEFIT PER PERSON	STATE ADMINISTRATIVE FUNDING (000)
	PERSONS	HOUSEHOLDS			
Alabama-----	560	216	\$457,048	\$68.01	\$28,935
Alaska-----	43	14	44,955	86.89	7,395
Arizona-----	489	178	393,451	67.10	26,738
Arkansas-----	285	106	209,192	61.16	14,111
California-----	2,866	1,075	2,079,026	60.45	233,747
Colorado-----	273	108	226,489	69.23	12,562
Connecticut-----	215	93	142,797	55.25	14,686
Delaware-----	58	21	46,451	66.87	3,874
District of Columbia-----	87	41	80,725	77.74	8,308
Florida-----	1,500	606	1,334,234	74.13	56,470
Georgia-----	807	315	656,978	67.81	47,866
Hawaii-----	103	44	131,848	106.72	5,954
Idaho-----	79	29	56,702	59.60	4,229
Illinois-----	1,178	493	1,060,128	74.98	47,259
Indiana-----	497	184	406,256	68.17	24,279
Iowa-----	196	78	146,707	62.34	8,240
Kansas-----	188	73	141,310	62.54	7,506
Kentucky-----	530	200	421,945	66.28	26,470
Louisiana-----	779	282	653,056	69.88	34,440
Maine-----	138	61	111,703	67.21	6,256
Maryland-----	375	159	336,430	74.86	19,207
Massachusetts-----	443	189	326,017	61.36	21,331
Michigan-----	1,022	419	837,474	68.28	42,261
Minnesota-----	317	131	229,377	60.30	26,237
Mississippi-----	537	200	416,349	64.62	17,737
Missouri-----	591	236	477,936	67.44	24,329
Montana-----	70	27	53,778	63.73	5,056
Nebraska-----	113	45	80,802	59.40	5,216
Nevada-----	93	42	85,736	76.49	4,423
New Hampshire-----	60	26	46,074	63.61	2,858
New Jersey-----	531	218	469,247	73.71	49,985
New Mexico-----	244	85	194,082	66.38	11,772
New York-----	2,045	943	1,796,148	73.19	122,411
North Carolina-----	627	253	479,773	63.76	32,485
North Dakota-----	48	19	35,704	61.56	3,335
Ohio-----	1,269	535	1,101,172	72.30	66,902
Oklahoma-----	370	146	293,721	66.10	19,159
Oregon-----	283	123	234,855	69.19	17,342
Pennsylvania-----	1,186	518	960,882	67.51	84,173
Rhode Island-----	92	40	72,973	65.77	5,478
South Carolina-----	394	146	305,550	64.58	17,586
South Dakota-----	56	20	42,571	63.42	4,063
Tennessee-----	774	317	611,160	65.82	26,441
Texas-----	2,659	975	2,239,466	70.19	126,197
Utah-----	133	47	97,293	61.17	9,601
Vermont-----	58	25	38,269	55.02	4,248
Virginia-----	535	225	431,556	67.25	41,023
Washington-----	462	191	368,608	66.42	33,236
West Virginia-----	322	124	260,853	67.41	6,476
Wisconsin-----	337	125	220,862	54.56	25,648
Wyoming-----	34	13	26,327	64.10	2,274
American Samoa-----	0	0	0	.00	0
Guam-----	13	4	17,790	117.41	1,744
North Mariana Island-----	0	0	0	.00	0
Puerto Rico-----	0	0	0	.00	0
Trust Territory-----	0	0	0	.00	0
(excluding NMI)-----	0	0	0	.00	0
Virgin Islands-----	18	5	19,375	92.21	3,043
Indian Tribe Set Asi-----	0	0	0	.00	0
Indian Tribes-----	0	0	0	.00	0
Freely Associated States-----	0	0	0	.00	0
DOD Army/AF/USMC/Navy-----	0	0	0	.00	0
Anticipated Adjustment-----	0	0	0	.00	-41,452
TOTAL-----	26,983	10,791	\$22,009,209	\$67.97	\$1,461,151

NOTE: These data are based in part on preliminary data submitted by State and local agencies subject to change as revised reports are received, and may differ from budgetary information appearing elsewhere in these notes. Totals may not add due to rounding.

FOOD STAMP PROGRAM
FIRMS AUTHORIZED TO RECEIVE AND REDEEM FOOD STAMPS

Fiscal Year 1993

STATE OR TERRITORY	RETAILERS	WHOLE- SALERS	MEALS/ WHEELS	COMM DINE	ALCOHOL, DRG TREAT & COMB TREAT	PRIVATE REST	GROUP LIV	HOMELESS MEAL/ BATTERED WOMEN & CHILDREN	TOTAL
Alabama-----	5,001	5	1	28	9	0	2	1	5,047
Alaska-----	493	3	4	4	2	0	0	0	506
Arizona-----	2,163	9	21	30	11	1	0	4	2,239
Arkansas-----	2,907	5	10	36	7	0	0	2	2,967
California-----	16,819	46	2	14	113	0	5	9	17,008
Colorado-----	1,757	8	25	25	8	0	0	5	1,828
Connecticut-----	1,729	7	9	7	10	0	0	0	1,762
Delaware-----	515	0	4	5	1	0	0	0	525
District of Columbia-----	566	0	5	2	2	0	0	0	575
Florida-----	11,106	25	33	76	43	4	15	7	11,309
Georgia-----	6,587	2	12	75	5	15	0	7	6,703
Hawaii-----	1,112	11	2	4	9	19	0	0	1,157
Idaho-----	744	0	10	13	0	0	1	2	770
Illinois-----	7,081	9	58	63	11	2	0	11	7,235
Indiana-----	3,099	3	27	15	1	2	1	2	3,150
Iowa-----	1,895	1	25	12	0	0	0	1	1,934
Kansas-----	1,528	3	14	15	12	0	0	1	1,573
Kentucky-----	5,268	3	3	9	3	0	0	0	5,286
Louisiana-----	6,021	10	18	45	3	0	1	9	6,107
Maine-----	1,941	2	12	44	6	15	4	0	2,024
Maryland-----	3,295	18	19	23	17	0	2	2	3,376
Massachusetts-----	3,875	3	18	13	11	6	1	0	3,927
Michigan-----	7,799	10	19	54	13	7	2	0	7,904
Minnesota-----	3,174	3	61	29	6	1	0	3	3,277
Mississippi-----	4,561	1	7	11	0	0	1	0	4,581
Missouri-----	3,714	0	25	78	0	0	0	3	3,820
Montana-----	814	0	6	25	0	0	0	0	845
Nebraska-----	977	1	1	6	1	0	0	1	987
Nevada-----	522	4	0	8	4	0	0	1	539
New Hampshire-----	881	0	4	7	3	0	1	0	896
New Jersey-----	5,161	12	36	24	19	0	3	0	5,255
New Mexico-----	1,237	2	11	15	1	0	1	0	1,267
New York-----	14,864	19	85	140	70	57	5	7	15,277
North Carolina-----	7,140	2	43	76	9	0	1	4	7,275
North Dakota-----	645	1	40	42	0	0	1	1	730
Ohio-----	7,319	1	49	64	6	1	0	2	7,442
Oklahoma-----	3,095	7	9	29	6	0	0	0	3,146
Oregon-----	2,448	3	14	20	8	2	1	5	2,501
Pennsylvania-----	10,448	26	114	95	46	1	2	9	10,741
Rhode Island-----	838	2	3	5	3	0	1	0	852
South Carolina-----	4,152	0	12	55	7	0	0	2	4,228
South Dakota-----	629	0	7	16	0	1	0	0	653
Tennessee-----	5,513	13	15	25	14	0	4	3	5,587
Texas-----	15,667	26	17	64	26	1	7	22	15,830
Utah-----	834	8	7	9	13	0	0	2	873
Vermont-----	764	2	6	1	2	0	0	0	775
Virginia-----	5,559	6	13	32	14	0	0	1	5,625
Washington-----	3,321	3	26	41	3	0	0	4	3,398
West Virginia-----	2,755	0	20	47	0	0	0	3	2,825
Wisconsin-----	2,766	1	20	33	0	0	0	3	2,823
Wyoming-----	327	0	4	1	0	1	1	1	335
Guam-----	220	0	0	0	0	0	0	0	220
Virgin Islands-----	208	0	1	2	0	4	0	0	215
TOTAL-----	203,854	326	1,007	1,612	558	170	63	140	207,730

SUMMARY OF QC LIABILITIES AND ENHANCED FUNDING

QC PERIOD	NAT'L GOAL/ TOLERANCE (%)	ENHANCED FUNDING NUMBER OF STATES	ENHANCED FUNDING AMOUNT AWARDED	LIABILITY NUMBER OF STATES	TOTAL INITIAL LIABILITIES	QC COLLECTIONS	OUTSTANDING AND POTENTIAL LIABILITIES
Oct 1980 - Mar 1981	12.60	7	\$ 1,406,436	14	\$ 16,709,031	\$0	\$0
Apr 1981 - Sept 1981	12.60	8	\$ 5,288,070	12	\$ 12,256,197	\$1,372,228	\$0
Oct 1981 - Mar 1982	13.05	6	\$ 2,488,142	12	\$ 9,072,985	\$1,574,522.56	\$0
Apr 1982 - Sept 1982	13.05	7	\$ 2,700,139	9	\$ 6,811,989	\$0	\$1,323,864 ²
FY 1983	9.00 ¹	1	\$ 383,252	12	\$ 12,628,093	\$1,058,131.20	\$0 ¹
FY 1984	7.00 ¹	2	\$ 744,601	36	\$ 81,350,280	\$ 558,503	\$0 ³
FY 1985	5.00 ¹	3	\$ 1,108,245	48	\$201,168,802	\$ 299,390	\$0 ³
FY 1986	11.39	3	\$ 1,175,006	14	\$ 45,848,754	\$6,526,096 ⁴	\$0
FY 1987	11.27	4	\$ 2,173,455	10	\$ 42,592,970	\$6,388,946 ⁴	\$0
FY 1988	10.97	2	\$ 985,962	8	\$ 34,775,467	\$5,216,320 ⁴	\$0
FY 1989	10.80	7	\$ 7,150,142	8	\$ 56,428,400	\$8,464,260 ⁴	\$0
FY 1990	10.80	5	\$ 6,936,616	11	\$ 64,727,769	\$9,709,165 ⁴	\$0
FY 1991	10.31	5	\$ 9,422,364	11	\$ 55,953,052	\$8,392,958 ⁴	\$0
FY 1992	10.69 ⁵	5	\$ 6,563,540	12	\$117,095,619	\$0 ⁵	\$117,094,304 ⁵
TOTALS			\$48,525,970		\$757,419,408	\$49,560,519.76	\$118,418,168

¹ Excludes underinsurance error rates.

² The only outstanding QC liability is a sanction in the amount of \$1,323,864 owed by the State of Massachusetts for April-September 1982. The State agency has been billed; collection is pending.

³ Enactment of the 1990 Farm Bill eliminated all remaining outstanding balances for Fiscal Years 1983 through 1985.

⁴ Under a settlement reached January 19, 1993, most States will invest 15% of their total liability amounts for FY 1986-1991 in program operational improvements specifically designed to reduce errors measured by the quality control system over the next 5 years; the remainder of the liabilities will be waived. One State will invest 10% of its liability, one State made a cash payment of 35% of its liability under an earlier settlement offer, and two State agencies made cash payments for their 15% liability amounts.

⁵ Notices of potential liabilities were issued on June 30, 1993. FY 1992 national error rate goal and potential liability amounts were revised on 8/11/93 as a result of legislative changes contained in the Mickey Leland Childhood Hunger Relief Act of 1993. The potential liabilities against California (\$658) and Iowa (\$657) were waived based upon a determination that pursuit of these small claims is not in the best interest of the Program.

THE FOOD AND NUTRITION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Nutrition Assistance for Puerto Rico:

For monthly payments to the Commonwealth of Puerto Rico for nutrition assistance, as authorized by 7 U.S.C. 2028, \$1,143,000,000.

This change provides a separate appropriation for Nutrition Assistance for Puerto Rico. Comparable language was deleted from the appropriation for the Food Stamp Program.

NUTRITION ASSISTANCE FOR PUERTO RICO

Appropriations Act, 1994	\$1,091,000,000
Budget Estimate, 1995	<u>1,143,000,000</u>
Increase in Appropriation	<u>+52,000,000</u>

SUMMARY OF INCREASES AND DECREASES
(On basis of appropriation)

<u>Item of Change</u>	<u>1994 Estimated</u>	<u>Other Changes</u>	<u>1995 Estimated</u>
Nutrition Assistance for Puerto Rico.....	<u>\$1,091,000,000</u>	<u>+\$52,000,000</u>	<u>\$1,143,000,000</u>

PROJECT STATEMENT - CURRENT LAW
(On basis of adjusted appropriation)

<u>Project</u>	<u>1993 Actual</u>	<u>1994 Estimated</u>	<u>Increase or Decrease</u>	<u>1995 Estimated</u>
Nutrition Assistance for Puerto Rico.....	\$1,051,000,000	\$1,091,000,000	+\$52,000,000	\$1,143,000,000
Funds available to: Animal and Plant Health Inspection: Service...a/.....				
	-10,825,000	-12,472,000	+12,472,000	—
Total, Available or: Estimate.....	1,040,175,000	1,078,528,000	+64,472,000	1,143,000,000

a/ Funds available through appropriations transfer in Fiscal Years 1993 and 1994 and through reimbursement in Fiscal Year 1995.

EXPLANATION OF PROGRAM

Overview of Program Development. Authorized by section 116(a) of the Omnibus Budget Reconciliation Act of 1981 (P.L. 97-35), a grant for nutrition assistance to Puerto Rico was implemented July 1, 1982. The Food, Agriculture, Conservation and Trade Act of 1990 (FACT), P.L. 101-624, enacted November 28, 1990, reauthorized appropriations through Fiscal Year 1995. The Omnibus Budget Reconciliation Act of 1993 (P.L. 103-66) enacted August 10, 1993, increased the authorized levels for Fiscal Years 1994 and 1995.

Eligibility. This grant, which replaced the Food Stamp Program in Puerto Rico, gives the Commonwealth broad flexibility to establish a food assistance program that is specifically tailored to the needs of its low-income households. In Fiscal Year 1995, Puerto Rico will continue its system of providing cash benefits to households which meet eligibility standards of the Nutrition Assistance Program. These eligibility standards are similar to those of the Food Stamp Program.

Benefits. In addition to the provision of direct benefits to the needy, a portion of the grant may be used to fund up to 50 percent of the costs of administering the program.

State/Federal Responsibilities. The Commonwealth must submit its annual plan of operation to the Secretary for approval. The Food and Nutrition Service provides a grant award to the Commonwealth to operate the Program in accordance with its approved plan. The grant is intended to cover 100 percent of the cost of program benefits and 50 percent of the cost of administrative expenses.

JUSTIFICATION OF INCREASES AND DECREASES

An increase of \$52,000,000 in the appropriation for Nutrition Assistance for Puerto Rico (\$1,091,000,000 available in 1994).

Need for Change. This request reflects the authorization level provided in the Omnibus Budget Reconciliation Act of 1993, Public Law 103-66.

Nature of Change. This level will permit the continuation of the Nutrition Assistance Program in a manner consistent with prior years.

NUTRITION ASSISTANCE FOR PUERTO RICO

STATUS OF PROGRAM

As required by P.L. 97-35, the Omnibus Budget Reconciliation Act of 1981, the Food Stamp Program in the Commonwealth of Puerto Rico was replaced with a block grant effective July 1, 1982.

For Fiscal Year 1993, \$1.040 billion in grant funds were provided to Puerto Rico. The Nutrition Assistance Program served an average of 1.44 million persons per month. Total benefit costs are estimated at \$1.011 million, or about \$58.41 per person per month. Administrative costs are estimated at \$29,149 million, or \$1.69 per person, for a total Federal program cost per person of \$60.10 per person per month. One special project, tick eradication, was budgeted at a cost of \$10.825 million. Congress mandated that \$10.825 million be transferred to the Animal and Plant Health Inspection Service for use by Puerto Rico in operating this program in Fiscal Year 1993. The objective of the Tick Eradication Project is to carry out appropriate treatment and control activities directed toward the enhancement of livestock productivity through the island-wide eradication of ticks. The Commonwealth is also operating a Special Wage Incentive Program, budgeted at \$21.1 million of the Federal grant for Fiscal Year 1994, which provides wage subsidies to employers hiring Nutrition Assistance Program recipients.

Selected Examples of Recent Progress:

Puerto Rico submits its proposed annual budget plan in July for the fiscal year beginning on the following October 1. That plan identifies the costs of benefits, administration and other projects. Actual costs of these components for 1991 and 1992 and preliminary final costs for 1993 are as follows:

	1991 <u>Actual</u>	1992 <u>Actual</u>	1993 Preliminary <u>Final</u>
	(\$ in thousands)		
Benefits costs	\$935,394	\$972,561	\$1,011,026
Administrative costs ..	27,017	29,614	29,149
Cattle Tick Eradication Project	<u>10,825</u>	<u>10,825</u>	<u>10,825</u>
Total, Federal funds ..	973,236	1,013,000	1,051,000
State Administrative costs	<u>27,017</u>	<u>29,614</u>	<u>29,149</u>
Total program costs ...	\$1,000,253	\$1,042,614	\$1,080,149

From its inception, the Food Stamp Program in Puerto Rico served a much higher proportion of total population than was true of the U.S. as a whole, due to the significantly lower living standards in Puerto Rico. This continues to be the case under the block grant program: 1.44 million or 42.3 percent of Puerto Rico's total estimated population of 3.4 million people participated in the program in 1993. Monthly participation and estimates for 1991, 1992, and 1993 are as follows:

	1991 <u>Actual</u>	1992 <u>Actual</u>	1993 Preliminary <u>Final</u>
Average number of persons (millions)	1.49	1.48	1.44
Average number of households	494,142	500,169	493,227
Average household size	3.02	2.96	2.92
Average benefits per household ...	\$158	\$162	\$170

In Fiscal Year 1993 Puerto Rico spent an estimated \$29.1 million of Federal money on administrative activities, and an equivalent amount of State funds since there is a 50:50 matching requirement for these costs.

Federal Responsibilities. FNS provides funds intended to cover 100 percent of the benefit costs and 50 percent of the administrative costs of the program as appropriated by Congress. FNS must review and approve the Commonwealth's annual plan and monitor program operations to assure program integrity, etc. These monitoring activities include reviewing financial reports such as the SF-269, and on-site management reviews of selected program operations.

FOOD AND NUTRITION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Food Donations [Programs] for Selected Groups:

- 1 For necessary expenses to carry out section 4(a) of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c (note)), section 4(b) of the Food Stamp Act (7 U.S.C. 2013 (b)), P.L. 96-597 and section 311 of the Older Americans Act of 1965, as amended (42 U.S.C. 3030a), [~~\$218,641,000~~] \$179,596,000 to remain available through
- 2 September 30, [~~1995~~] 1996. Provided, That notwithstanding any other provision of law, for meals provided pursuant to the Older Americans Act 1965, a maximum rate of reimbursement to States will be established by the Secretary, subject to reduction if obligations would exceed the amount of available funds, with any unobligated funds to remain available only for obligation in the fiscal year beginning October 1, [~~1994~~.] 1995. For necessary expenses to carry out section 110 of the Hunger Prevention Act
- 3 of 1988, [~~\$40,000,000~~] \$50,000,000.

The first change cites the authorization for providing a food assistance program in American Samoa.

The second change would make the appropriation available until September 30, 1996.

The third change would increase the appropriation above the authorization level of \$40,000,000 for Fiscal Year 1995 provided in the FACT Act (P.L. 101-624) amendments to the Hunger Prevention Act of 1988 (P.L. 100-425).

FOOD DONATIONS FOR SELECTED GROUPS - CURRENT LAW

Appropriations Act, 1994	\$258,641,000
Budget Estimate, 1995	<u>229,596,000</u>
Decrease in Appropriation	<u>-29,045,000</u>

SUMMARY OF INCREASES AND DECREASES
(On basis of appropriation)

<u>Item of Change</u>	<u>1994 Estimated</u>	<u>Program Changes</u>	<u>1995 Estimated</u>
Food Distribution Program			
on Indian Reservations:....	\$68,641,000	-\$30,187,000	\$38,454,000
Nutrition Program for the			
Elderly.....	150,000,000	-8,858,000	141,142,000
Commodities for Soup			
Kitchens.....	<u>40,000,000</u>	<u>+10,000,000</u>	<u>50,000,000</u>
Total Available.....	<u>258,641,000</u>	<u>-29,045,000</u>	<u>229,596,000</u>

PROJECT STATEMENT
(On basis of appropriation)

<u>Project</u>	<u>1993 Actual</u>	<u>1994 Estimated</u>	<u>Increase or Decrease</u>	<u>1995 Estimated</u>
1. Food Distribution				
Program on Indian				
Reservations:				
Commodities in lieu of				
food stamps.....	\$54,405,338:	\$47,036,000:	-\$34,229,000:	\$12,807,000
American Samoa.....	—	2,700,000:	+2,600,000:	5,300,000
Distributing agencies				
expenses and Nutrition:				
Education.....	18,444,000:	18,905,000:	+1,442,000:	20,347,000
Subtotal, Food				
Distribution Program			(1):	
on Indian Reservations:	72,849,338:	68,641,000:	-30,187,000:	38,454,000
2. Nutrition Program for:				
the Elderly:				
Commodities.....	9,367,000:	9,828,000:	-565,000:	9,263,000
Cash in Lieu of				
commodities.....	142,296,662:	140,172,000:	-8,293,000:	131,879,000
Subtotal, Nutrition			(2):	
Program for the Elderly:	151,663,662:	150,000,000:	-8,858,000:	141,142,000
3. Commodities for Soup			(3):	
Kitchens.....	32,000,000:	40,000,000:	+10,000,000:	50,000,000
Total Appropriation.....	<u>256,513,000:</u>	<u>258,641,000:</u>	<u>-29,045,000:</u>	<u>229,596,000</u>

NOTE: THESE FIGURES REFLECT THE REPROGRAMMING OF \$8,751,662 FROM FDIIR TO NPE IN FY 1993.

PROJECT STATEMENT
(On basis of available funds)

<u>Project</u>	<u>1993 Actual</u>	<u>1994 Estimated</u>	<u>Increase or Decrease</u>	<u>1995 Estimated</u>
1. Food Distribution Program:				
on Indian Reservations:				
Commodities in lieu of				
food stamps	\$49,643,603:	\$21,933,832	+\$22,036,168:	\$43,970,000
American Samoa.....		+2,700,000	+2,600,000:	5,300,000
Distributing agencies				
expenses and Nutrition:				
Education.....	18,143,348:	18,905,000	+1,442,000:	20,347,000
Subtotal, Food Dist.				
Program on Indian			(1):	
Reservations.....	67,786,951:	43,538,832	+26,078,168:	69,617,000

PROJECT STATEMENT
(On basis of available funds)

Project	1993 Actual	1994 Estimated	Increase or Decrease	1995 Estimated
2. Nutrition Program for the Elderly:				
Commodities	8,074,000	9,828,000	-565,000	9,263,000
Cash in Lieu of commodities	142,591,217	140,172,000	-8,293,000	131,879,000
Subtotal, Nutrition 1/			(2):	
Program for the Elderly:	150,665,217	150,000,000	-8,858,000	141,142,000
3. Commodities for Soup Kitchens:	32,000,000	40,000,000	+10,000,000	50,000,000
		2/:		
Total Obligations.....	250,452,168	233,538,832	+27,220,168	260,759,000
Unobligated balances				
Recovery of prior year obligations.....	—	—	—	—
Unobligated balances....	—			
Available, start of year:	—	-6,060,832	-25,102,168	-31,163,000
Available, end of year..:	+6,060,832	+31,163,000	-31,163,000	—
Expiring.....				—
Total Appropriation.....	256,513,000	258,641,000	-29,045,000	229,596,000

1/ THESE FIGURES REFLECT THE REPROGRAMMING OF \$7,753,217 FROM FDPIR TO NPE IN FY 1993, REFLECTING AN ADJUSTMENT OF \$998,445 IN BUDGET AUTHORITY

2/ Does not reflect the rescission of the \$6.0 million pending in Congress.

EXPLANATION OF PROGRAM

Food Donations Programs for Selected Groups includes funds for: the Food Distribution Program on Indian Reservations (FDPIR); the continuation of food assistance to the Republic of Palau; the nuclear affected areas of the Marshall Islands; the Nutrition Program for the Elderly; and commodity purchases for soup kitchens and food banks authorized by the Hunger Prevention Act of 1988 (Public Law 100-435); and provision of a nutrition assistance program in lieu of a Food Stamp Program in American Samoa.

Food Distribution Program on Indian Reservations (FDPIR)

Overview of Program Development. The Food Stamp Act of 1977 authorized the distribution of agricultural commodities to eligible needy persons residing on or near Indian reservations or in the Pacific Islands. FDPIR was provided as an alternative to the Food Stamp Program for Indian households in rural areas where the Food Stamp Program was not readily available or where food stores were inconveniently located. The Act stipulates that a food distribution program may be established on an Indian reservation if an Indian Tribal Organization (ITO) requests the program. If the ITO is capable of administering the program, it may do so in lieu of administration by a State agency. P.L. 97-98 authorized low-income Indian households residing in Oklahoma to participate in the program. The Program has been reauthorized through Fiscal Year 1995 by the Food, Agriculture, Conservation and Trade Act of 1990 (FACT), P.L. 101-624.

The Compact of Free Association Act of 1985 (P.L. 99-239), as amended by the Palau Compact of Free Association Act (P.L. 99-658), terminated the Trusteeship Agreement with the Federated States of Micronesia and the Marshall Islands and established them as Freely Associated States. For transition purposes, food assistance continued through Fiscal Year 1989 but at reduced levels, except in the nuclear affected zones of Bikini and Eniwetok, as prescribed by these laws. Food assistance for Palau will continue at normal levels until a compact is in effect for that area.

Eligibility and Benefits. Household eligibility for FDPIR is determined by income and resources in a manner similar to that used for Food Stamp Program eligibility. Recipients must reside on or near a participating reservation, or reside within a stipulated service area in Oklahoma. In areas where both FDPIR and Food Stamps are available, no household may participate simultaneously in both programs, although they may switch from one program to the other. The entitlement commodities made available to the distributing agencies include canned meats and fish, fruits, vegetables and juice, flour, rice, pasta, cornmeal, dairy products, honey, cereal, oil and shortening. To the extent that surplus price-support commodities are available and can be used without waste, the Commodity Credit Corporation (CCC) donates them for use in this program.

State/Federal Responsibilities. The FDPIR is operated through a partnership between State distributing agencies or Indian Tribal Organizations and the Food and Nutrition Service. The grantee agency is responsible for certifying recipient eligibility, local warehousing and transportation of commodities, distribution of commodities to recipient households, and program integrity.

The Federal Government pays 100 percent of the cost of commodities distributed through the program. In addition, cash payments are made to administering agencies to assist them in meeting the administrative expenses incurred in operating a food distribution program. In Fiscal Year 1994, the Federal Government expects to pay about 80 percent of distributing agencies' administrative expenses. Included among these costs are local warehousing and transportation of commodities, utilities, salaries and equipment.

NUTRITION PROGRAM FOR THE ELDERLY

Overview of Program Development. Food assistance for the Nutrition Program for the Elderly is authorized by Titles III and VI of the Older Americans Act of 1965 (OAA). The Older Americans Act Amendments of 1987 (P.L. 100-175) reauthorized the program through Fiscal Year 1991. The program was most recently reauthorized through Fiscal Year 1995 on September 30, 1992 by P.L. 102-375. The cash and commodities provided are used in preparing meals which are served in senior citizen centers and similar settings or delivered to the home-bound elderly. These meals are the focal point of the nutrition projects for the elderly which have the dual objectives of promoting better health and reducing the isolation of old age.

The Nutrition Program for the Elderly is administered by the U.S. Department of Health and Human Services (DHHS). USDA supplements DHHS programs for the elderly with commodities and/or cash in lieu of commodities for meals served under the provisions of Title III, section 311(a), Grants for State and Community Programs on Aging, and Title VI, Grants for Indian Tribes, of the OAA, as amended.

Eligibility and Benefits. Commodities or cash in lieu of commodities are distributed through State agencies to the local meal sites at a specific rate per meal set by law. P.L. 102-375 established an indexed meal reimbursement rate based on the Consumer Price Index. The legislatively stipulated rate is 63.21 cents per meal for Fiscal Year 1994. However, actual reimbursement for meals served is limited by the appropriation level set by Congress. Most States elect to take all of their subsidies in cash, and some States choose to receive a combination of cash and commodities. The commodities made available to the Nutrition Program for the Elderly are generally the same as those provided to schools under the Child Nutrition Programs. In addition to the per meal reimbursement, States or Indian tribes which elect 20 percent of their benefits in commodities are eligible to receive such bonus commodities as USDA can make available.

Although originally a program to distribute nutritious USDA purchased commodities to senior citizen meal sites, the program has evolved primarily into a cash subsidy program. Approximately 94 percent of program resources are distributed to meal providers in cash.

State/Federal Responsibilities. State Agencies on Aging designate area Agencies on Aging to plan and coordinate the program through local outlets. The State Agencies on Aging and Indian Tribal agencies request USDA-donated foods, cash in lieu of foods, or a combination of both to use in providing meals to the elderly at various sites.

State Agencies on Aging and Indian Tribal Organizations that receive commodities obtain them primarily from the State distributing agency that provides USDA foods to schools for the National School Lunch Program.

COMMODITY PURCHASES FOR SOUP KITCHENS

Overview of Program Development. USDA continues to provide surplus commodities to soup kitchens and food banks as it has in the past. Section 110 of the Hunger Prevention Act of 1988 mandated the purchase and distribution of commodities to soup kitchens and food banks in Fiscal Years 1989 through 1991. In addition, the FACT Act, P.L. 101-624 authorizes appropriations of \$40 million for Fiscal Years 1992-1995 for this purpose.

Eligibility. Commodities are distributed to the States, which, in turn provide them to public and private nonprofit charitable institutions that maintain an established feeding operation to provide food to needy homeless persons and to provide food to needy homeless persons and to food banks which serve such institutions. In instances when the States' full commodity allocation cannot be used by these organizations, States provide such commodities to food banks for distribution to needy households and to organizations that serve meals to predominantly needy persons.

Benefit. USDA provides commodities to States for local distribution to soup kitchens and food banks. USDA anticipates the purchase in Fiscal Year 1994 of the following commodities for these outlets: nonfat dry milk, dehydrated potatoes, and the following canned foods: orange juice, corn, peaches, green beans, fruit cocktail, pineapple, tomatoes, tuna, and pork and/or beef.

State/Federal Responsibilities. Within the States, distribution to soup kitchens and food banks and payments for storage and distribution are the responsibility of State Distributing Agencies. States are responsible for requesting commodities only in quantities that can be efficiently utilized by soup kitchens and food banks and managing the distribution of commodities to local organizations. States are also responsible for ensuring that soup kitchens and food banks comply with all Federal program regulations and requirements.

JUSTIFICATION OF INCREASES AND DECREASES

- (1) A decrease of \$30,187,000 in the appropriation for the Food Distribution Program on Indian Reservations, American Samoa and the Pacific Islands (\$68,641,000 available for Fiscal Year 1994). On the basis of available funds, there is an increase of \$26,078,168 (\$43,538,832 available in 1994).

- (a) A decrease of \$34,229,000 in the appropriation for commodities in lieu of food stamps (\$47,036,000 appropriated in Fiscal Year 1994).

Need for Change. A net decrease in the appropriation consists of:

- A decrease of \$33,229,000 in commodity purchases;
- A decrease of \$1,000 in commodity administrative costs.

Due to lower than expected participation in prior years, federal and grantee inventories have increased.

Nature of Change. The requested funds along with unspent funds from Fiscal Year 1994 will be sufficient to cover about the same level of participation in the Food Distribution Program on Indian Reservations as currently expected in Fiscal Year 1994.

- (b) An increase of \$1,442,000 in the appropriation for distributing agencies' administrative expenses and Nutrition Education (\$18,905,000 available for Fiscal Year 1994).

Need for Change. The funding level for distributing agencies' administrative expenses is based on the cost of prior year operations, including an adjustment for inflation. An estimate of \$1.0 million is included for nationwide expansion of the nutrition education initiative in which Indian Tribal organizations hire and train nutrition aides to provide nutrition education for FDPIR participants.

Nature of Change. An appropriation of \$20,347,000 will be needed for administrative expenses in Fiscal Year 1995.

- (c) An increase of \$2,600,000 in the appropriation for American Samoa (\$2,700,000 available in Fiscal Year 1994).

Need for Change. An increase of \$2,600,000 will be needed to fully fund annual program operations.

Nature of Change. An appropriation of \$5,300,000 will allow program operations to be fully funded.

- (2) A decrease of \$8,858,000 in the appropriation for the Nutrition Program for the Elderly (\$150,000,000 appropriated for Fiscal Year 1994).

Need for Change. The decrease of \$8,858,000 from the 1994 appropriation to the 1995 request would allow for a rate per meal (cents) of \$57.78. Participation would remain at the 1994 level.

Need for Change. An appropriation of \$141,142,000 will be needed to support this anticipated decrease.

- (3) An increase of \$10,000,000 in the appropriation for Commodities for Soup Kitchens (\$40,000,000 appropriated for Fiscal Year 1994).

Need for Change. This increase will fund commodity purchases for soup kitchens and food banks to help offset the decrease in other commodities available for donation.

Nature of Change. An appropriation of \$50,000,000 will be needed for Soup Kitchens in Fiscal Year 1995.

Food Distribution Program on Indian Reservations
Program Performance Data

<u>Indian Reservations</u>	<u>FY 1993</u> <u>Actual</u>	<u>FY 1994</u> <u>Estimate</u>	<u>FY 1995</u> <u>Estimate</u>	<u>Change</u>
Average monthly participation 1/	112,399	112,399	112,399	--
Average monthly food package:				
FNS purchased.....	\$33.22	\$34.82	\$37.12	+\$2.30
CCC bonus commodities.....	.60	.61	.63	+.02
Total Monthly Food Package.....	\$33.82	\$35.43	\$37.75	+\$2.32
Annual value of monthly distributions (less bonus).....	\$44,806,737	\$46,964,798	\$50,067,011	+\$3,102,213
Inventory Change	+3,129,265	-26,732,966	-7,814,011	+18,918,955
Subtotal, Commodity Purchases...	47,936,002	20,231,832	42,253,000	+22,021,168
Indian Administration Cost.....	18,143,348	18,905,000	20,347,000	+1,442,000
Disaster Assistance.....	70,668	500,000	500,000	--
Pacific Islands.2/.....	1,018,000	1,027,000	1,043,000	+16,000
American Samoa.....	--	2,700,000	5,300,000	+2,600,000
Commodity Administrative Cost and PCIMS.....	618,933	175,000	174,000	-1,000
Subtotal, Program Level.....	67,786,951	43,538,832	69,617,000	+26,078,168
Funds Available, Start of Year.3/	--	-6,060,832	-31,163,000	-25,102,168
Subtotal, BA Needed.....	67,786,951	37,478,000	38,454,000	+976,000
Funds Available, End of Year.....	6,060,832	31,163,000	--	-31,163,000
Adjustments to NPE Reprogramming.	-998,445	--	--	--
Total, BA Available.....	72,849,338	68,641,000	38,454,000	-30,187,000
Ending Inventory in Months.....	10.6	4.7	2.6	-2.1

1/ Excludes 4,000 for participation in Palau for all years and participation for American Samoa.

2/ Includes \$581,000 in 1993 through 1995 for the nuclear-affected islands and funds for commodity distribution in Palau.

3/ The \$31.2 million shown as cash resources available for Fiscal Year 1995 will most likely be a combination of cash and a minimum level of inventory. FNS will be working in concert with AMS/ASCS to implement new purchasing practices that will, if successful, permit the operation of the program on a lower inventory level.

Nutrition Program for the Elderly

	<u>FY 1993</u> <u>Actual</u>	<u>FY 1994</u> <u>Estimate</u>	<u>FY 1995</u> <u>Estimate</u>
Meals served (millions)	243	244	244
Rate per meal (cents)	62.06	61.46	57.78

FOOD DONATIONS PROGRAMS FOR SELECTED GROUPS

STATUS OF PROGRAMS

In Fiscal Year 1993 the Food Donations Programs for Selected Groups continued to provide direct assistance to needy persons through the Food Distribution Program on Indian Reservations (FDPIR), the Needy Family Program, the Nutrition Program for the Elderly (NPE) and Commodities for Soup Kitchens.

Food Distribution Program on Indian Reservations (FDPIR)

The Food Distribution Program on Indian Reservations implements the requirements of Public Law 95-113 and 97-98 to allow Indian Tribal Organizations (ITOs) to operate a food distribution program when they prefer commodities to food coupon and can administer FDPIR. This program is an alternative to the Food Stamp Program for eligible households living on or near an Indian reservation or Indians residing in Oklahoma.

The Administration has identified nutrition education as a high priority objective in the FDPIR. Given the extremely high incidence of diet-related health conditions, such as diabetes, hypertension, and obesity among Native Americans, intensive nutrition education intervention is needed. In the past, these problems have been addressed largely through treatment. The 1988 Surgeon General's Report on Nutrition and Health found that for the two out of three Americans who neither smoke nor drink, eating patterns shape their long term health prospects more than any personal choice. Eating patterns can be shaped or changed by nutrition education that provides appropriate information to help participants make informed and healthful food choices.

In Fiscal Year 1993, the \$135,000 earmarked specifically for nutrition education in FDPIR was made available for FNS regional offices either to purchase nutrition education publications and materials for ITOs and State agencies, or to provide competitive grants to ITOs. The grants have stimulated innovation and are supporting a wide variety of culturally relevant approaches to nutrition education. This money supported 17 various nutrition education projects.

Additionally, a series of 12 nutrition and lifestyle fact sheets covering important aspects of nutrition and health were distributed to households participating in the program in Fiscal Year 1993. These address diet-related health conditions and nutrition issues that are particularly relevant to this population, and they include appropriate recipes that feature foods available through the program.

FNS also took the initiative and formed the Interagency Task Force for Native American Nutrition Education, which is comprised of nine Federal agencies and two national Native American organizations. The goal of the task force is to provide more and better nutrition education for Native Americans served through Federal programs through increased interagency coordination and cooperation. The Federal agencies represented on the task force administer programs dealing with nutrition, health and education for Native Americans. The Native American organizations represent tribal and State administrators of nutrition programs that serve the target population. The identification for nutrition education needs specific to this population group, and the efficient use of human and financial resources to effectively address these needs, are goals of the task force.

At the close of Fiscal Year 1993, 88 ITOs and 6 States operated the FDPIR on 243 Indian reservations. Participation in the FDPIR reached a monthly average of about 112,000 participants. Food valued at approximately \$49.7 million was distributed through FDPIR. In addition, food valued at \$1.4 million was donated to FNS without charge to FDPIR from section 32 surplus removal and section 416 price support activities to meet basic food needs.

Purchases for the Commodity Supplemental Food Program (CSFP) and the Food Distribution Program on Indian Reservations (FDPIR) were reduced in Fiscal Year 1993. Some direct shipments were not purchased, but were filled from storage to reduce excessive inventories. The excessive inventories were caused by inventory identification problems due to conversion data from PCI to PCIMS, declining participation in the programs, and the additional inventory of reconditioned product from the Americold Fire. Excess Fiscal Year 1993 funds may be carried over for use in Fiscal Year 1994 after the reconciliation is completed.

Needy Family Program

The Needy Family Program provided commodities for distribution to eligible households living in Palau. A cash grant for the administrative costs associated with the distribution of commodities was also provided.

Pursuant to P.L. 99-239, P.L. 99-658, and their Compacts of Free Association, the program was phased out for the Marshall Islands and the Federated States of Micronesia during a three year transition period ending in Fiscal Year 1989.

Certain islands in nuclear-affected zones will continue to receive USDA commodities and administrative funds through Fiscal Year 1997, as authorized by P.L. 102-247, enacted February 24, 1992. To continue this program into the current fiscal year \$581,000 was appropriated. The former Trust Territories that ratified the Compact of Free Association continue to be eligible for emergency assistance from the Department for a 15-year period after implementation of the Compact pursuant to the Disaster Relief Act. Until the Compact of Free Association for Palau is implemented, Palau continues to receive assistance under normal program rules.

Disaster Feeding Program for Major Disasters

The Federal Emergency Management Agency is generally responsible for coordinating disaster assistance under the Disaster Relief and Emergency Assistance Act. The Act specifically assigns certain responsibilities relating to disaster food assistance to the Secretary of Agriculture. Other duties have been assigned to the Secretary by Executive Order. These responsibilities include using, pursuant to the authority of the Act, funds appropriated under section 32 to purchase food commodities for assistance in major disasters or emergencies when other food supplies are not readily available. Food assistance requests under section 32 for disasters in Fiscal Year 1993 totalled \$5 million for victims of the Midwest Floods of 1993 which affected 9 states. In addition to funds available from section 32 for presidentially declared disasters, \$0.5 million is also appropriated to this allowance for discretionary use in smaller emergencies.

Nutrition Program for the Elderly (NPE)

The United States Department of Agriculture supplements the Department of Health and Human Services (DHHS) programs for the elderly with cash and commodities for meals served under the provisions of Title III (Grants for State and Community Programs on Aging) and Title VI (Grants for Indian Tribes) of the Older Americans Act of 1965 (OAA), as amended. DHHS funding for NPE totals about three times the size of the USDA program.

These DHHS programs provide elderly persons with nutritionally sound meals served through meals-on-wheels programs or in senior citizen centers and similar settings where the elderly participate in social and rehabilitative activities. These meals often provide the focal point for activities which have the dual objectives of promoting better health and reducing the isolation that may occur in old age.

As authorized by the amendments to the Older Americans Act, P.L. 102-375, signed on September 30, 1992, the Department provided reimbursement for over 243 million meals at the rate of 62.06 cents per meal in Fiscal Year 1993. This 62.06 cents rate of reimbursement, higher than originally estimated based on available funds, was achieved via a reprogramming action that transferred \$8.7 million from the FDIPIR to NPE. This reprogramming action was possible because of lower than anticipated food costs and participation in FDIPIR. The State agencies distributed commodities and/or cash to local elderly nutrition centers. The commodities made available to the Nutrition Program for the Elderly (NPE) were similar in variety to those provided to schools under the Child Nutrition Programs. From the total funding provided in 1993, \$8.1 million was made in the form of commodities and \$142.6 million was cash reimbursement. In addition \$0.8 million was provided, as bonus, without charge to the NPE account from section 32 surplus removal and section 416 price support activities. The balance of FNS's Fiscal Year 1993 appropriated funds for NPE will be made available based on final meal counts due to FNS by December 30, 1993.

Soup Kitchens/Food Banks

Pursuant to the Hunger Prevention Act of 1988, Public Law 100-435, \$32 million was appropriated in Fiscal Year 1993 to purchase, process, and distribute commodities to soup kitchens and food banks, with priority given to institutions which prepare meals for the homeless.

Commodities were allocated to the States based on a formula which considers the unemployment rate in each State and the number of persons in each State with incomes below the poverty level, as compared to nationwide figures.

In Fiscal Year 1993, approximately 58.0 million pounds of commodities valued at the full \$32 million appropriation were purchased and made available to States for distribution to soup kitchens and food banks. The commodities that were made available were frozen chicken, turkey roast, and beef; nonfat dry milk; and the following canned foods: applesauce, fruit cocktail, pears, pineapple, corn, green beans, peas, tomato juice, chicken and pork.

FOOD DISTRIBUTION PROGRAM ON INDIAN RESERVATIONS
AND THE NEEDY FAMILY PROGRAM

PARTICIPATION AND FUNDING
FISCAL YEAR 1993

STATE OR TERRITORY	AVERAGE MONTHLY PARTICIPATION	FOOD COSTS 1/	ADMINISTRATIVE FUNDING
Arizona-----	19,859	\$7,997,560	\$1,891,255
California-----	5,157	2,099,341	733,165
Colorado-----	491	164,840	113,071
Florida-----	326	101,612	67,146
Idaho-----	1,745	648,025	208,036
Iowa-----	65	23,152	32,410
Kansas-----	445	165,460	120,331
Michigan-----	1,783	722,663	347,626
Minnesota-----	3,661	1,430,550	700,466
Mississippi-----	627	203,579	81,426
Montana-----	5,282	2,109,884	1,414,769
Nebraska-----	1,808	671,782	231,185
Nevada-----	1,423	552,081	170,647
New Mexico-----	7,184	2,324,687	859,258
New York-----	686	211,949	147,147
North Carolina-----	609	255,938	75,693
North Dakota-----	5,458	2,161,840	843,193
Oklahoma-----	32,346	13,389,950	3,195,273
Oregon-----	1,588	636,928	261,639
South Dakota-----	11,529	4,724,543	1,999,098
Utah-----	413	124,118	82,553
Washington-----	4,242	1,616,842	653,043
Wisconsin-----	3,652	1,353,512	670,214
Wyoming-----	1,440	553,391	250,191
American Samoa-----	0	0	0
Freely Associated States-----	3,980	20,808	0
AMS/ASCS PCIMS Admin Expenses-----	0	618,933	0
Undistributed-----	0	4,759,635	2,994,513
TOTAL-----	115,799	\$49,643,603	\$18,143,348

1/ Includes values for entitlement foods but not for bonus commodities.

NOTE: These data are based in part on preliminary data submitted by State and local agencies and are subject to change as revised reports are received.

FOOD DISTRIBUTION PROGRAM ON INDIAN RESERVATIONS AND FOR DISASTER FEEDING
Quantity and Value of Commodities

By Commodity, Fiscal Year 1993

Page 1 of 2

ENTITLEMENT COMMODITIES	Indian Reservations		Disaster Feeding	
	Pounds	Dollars	Pounds	Dollars
SECTION 6/32 TYPE:				
APPLE JUICE, CANNED	2,483,577	\$710,200	46,163	\$12,423
APPLES, FRESH	0	0	116	29
APPLESAUCE, CANNED	884,616	318,850	242,523	85,961
BEANS, DRY	2,244,552	620,888	41,280	13,248
BEANS, GREEN, CANNED	1,568,172	437,422	201,326	57,872
BEANS, CND PINTO	0	0	284	65
BEANS, VEGETARIAN	1,854,888	465,726	240	58
BEEF, CANNED W/WJ	1,253,420	1,887,502	175,436	272,753
BEEF, FROZEN GROUND	39,600	63,833	3,744	4,604
CARROTS	822,000	248,382	54,960	16,529
CHICKEN, CANNED BONED	885,483	1,711,587	92,133	181,494
CHICKEN, BREADED	0	0	60	66
CORN, LIQUID	0	0	36,252	15,345
CORN, CREAM STYLE	837,624	290,202	14,160	4,835
CORN, WHOLE KERNEL	1,663,992	571,594	63,144	22,939
EGG MIX	624,582	1,105,625	72	135
EGGS, WHOLE FROZEN	0	0	180	94
FRUIT COCKTAIL, CANNED	2,192,928	1,364,878	31,200	21,060
GRAPE JUICE, CANNED	1,672,798	553,336	32,794	11,203
GRAPEFRUIT JUICE, CANNED	1,080,178	282,823	21,423	5,708
LENTILS	47,304	13,534	0	0
MEAT, LUNCHEION CANNED	1,133,280	1,563,652	144,000	203,717
MEATBALL STEW	996,479	742,269	38,994	27,587
MIXED FRUIT	0	0	181,260	83,552
ORANGE JUICE, CANNED	3,760,706	1,054,596	64,613	21,858
PEACHES, CLING CANNED	3,185,448	1,926,383	449,676	205,487
PEACHES, FREE SLICED	0	0	437	225
PEARS, CANNED	1,748,688	816,120	226,813	92,567
PEAS, DRY SPLIT	0	0	0	0
PEAS, GREEN CANNED	926,448	315,027	47,760	19,070
PINEAPPLE CANNED	1,483,260	786,273	40,380	20,115
PINEAPPLE JUICE	854,227	258,366	16,777	5,244
PLUMS, CANNED, PURPLE	664,296	258,480	0	0
PORK, CANNED W/WJ	963,660	1,348,708	94,395	123,613
PORK FRZ GROUND	0	0	72	77
POTATOES, DEHYDRATED	928,092	488,442	5,568	3,007
POTATOES, FRZ ROUNDS	0	0	60	17
POTATOES, OVEN FRY	0	0	30	8
POTATOES, WHOLE	765,600	227,812	49,152	14,320
PRUNES, DRIED	648,120	598,609	0	0
PUMPKIN	77,424	26,819	0	0
RAISINS	1,047,984	615,701	6,000	3,492
SALMON, PINK CANNED	798,612	1,250,123	38,145	62,270
SPINACH, CANNED	435,332	146,267	2,250	739
SWEET POTATOES, SYRUP	499,848	186,075	104,640	40,193
SYRUP, CORN	637,324	199,935	0	0
TOMATO JUICE, CANNED	950,423	194,255	21,207	4,687
TOMATO PASTE, CANNED	0	0	42	16
TOMATO SAUCE	998,306	286,109	12,783	3,693
TOMATOES CANNED	1,166,112	404,927	20,697	9,465
TURKEY GROUND	0	0	40,000	21,276
TURKEY, ROASTS FRZ	0	0	80,000	107,331
TUNA, CHUNK LIGHT-WATER	901,914	1,174,815	10,313	12,125
Total Section 6/32 Type	45,727,297	\$25,516,145	2,753,554	\$1,812,172
SECTION 416-TYPE:				
CEREAL, DRY CORN	550,016	\$616,722	0	\$0
CERAL, DRY OATS	274,179	392,766	0	0
CEREAL, DRY RICE	300,516	336,193	90,685	101,676
CEREAL, DRY WHEAT	67,044	92,303	0	0
CEREAL, INFANT RICE	0	0	0	0
CEREAL, INSTANT OATMEAL ENR	0	0	0	0
CEREAL, WHEAT	0	0	0	0
CHEESE PROCESS	2,863,710	3,918,618	0	0
CHEESE, MOZZARELLA	0	0	0	0
CORNMEAL	80,050	56,353	0	0
FARINA	489,867	194,239	0	0
FLOUR	6,985,450	935,250	0	0
FLOUR MIX	1,605,930	710,835	0	0
FORMULA, INFANT	0	0	0	0
HONEY	20,664	13,303	0	0
MACARONI	1,584,120	424,360	0	0
MILK, EVAPORATED	7,648,760	3,520,226	0	0
MILK, WFD	2,017,224	2,233,475	0	0
OATS, ROLLED	1,572,876	366,451	0	0
OIL, VEGETABLE	658,337	296,638	0	0
PEANUT BUTTER	1,312,128	1,098,915	0	0
PEANUTS, ROASTED	712,926	787,375	0	0
RICE, BROWN	0	0	0	0
RICE, MILLED	2,379,456	477,825	0	0
SHORTENING, VEGETABLE	934,308	383,287	0	0
SPAGHETTI, ENRICHED	1,300,704	383,812	0	0
WHEAT, ROLLED	71,856	22,426	0	0
Total Section 416-Type	33,430,121	\$17,261,372	90,685	\$101,676
Undistributed		6,247,153		
AMS/ASCS/PCIMS Admin. Expenses		618,933		
Total Commodity Entitlement	79,157,418	\$49,643,603	2,844,239	\$1,913,848

continued on the next page

FOOD DISTRIBUTION PROGRAM ON INDIAN RESERVATIONS AND FOR DISASTER FEEDING
Quantity and Value of Commodities

By Commodity, Fiscal Year 1993

Page 2 of 2

BONUS COMMODITIES	Indian Reservations		Disaster Feeding	
	Pounds	Dollars	Pounds	Dollars
SECTION 32-TYPE:				
GRAPE JUICE	0	0	152	\$51
PEACHES, FRZ	0	0	120	80
TOMATOES, CRUSHED	0	0	159	48
Total Section 32 Type	0	\$0	431	\$179
SECTION 416-TYPE:				
BUTTER	699,084	\$672,281	115,308	\$112,388
CORNMEAL	1,465,750	641,694	129,600	15,450
HONEY	306,108	78,634	0	0
Total Section 416 Type	2,470,942	\$1,392,609	244,908	\$127,838
Total Bonus Commodities	2,470,942	\$1,392,609	245,339	\$128,017
GRAND TOTAL (Entitlement & Bonus)	81,628,360	\$51,036,212	3,089,578	\$2,041,865

SOURCE: Preliminary food orders for fiscal year 1993.

NUTRITION PROGRAM FOR THE ELDERLY
MEALS SERVED AND PROGRAM COSTS

FISCAL YEAR 1993

STATE OR TERRITORY	MEALS SERVED		FNS PROGRAM COSTS a/
	AVERAGE DAILY	TOTAL FY 1993	
Alabama-----	14,256	3,763,494	\$2,295,731
Alaska-----	2,044	539,530	329,113
Arizona-----	10,451	2,759,060	1,683,027
Arkansas-----	15,547	4,104,354	2,503,656
California-----	72,345	19,098,992	11,650,385
Colorado-----	8,039	2,122,319	1,294,615
Connecticut-----	10,350	2,732,342	1,666,729
Delaware-----	3,478	918,268	560,143
District of Columbia-----	5,222	1,378,590	840,940
Florida-----	40,986	10,820,200	6,600,322
Georgia-----	13,995	3,694,588	2,253,699
Hawaii-----	3,805	1,004,481	612,733
Idaho-----	5,127	1,353,642	825,722
Illinois-----	32,645	8,618,302	5,257,164
Indiana-----	16,073	4,243,266	2,588,392
Iowa-----	16,661	4,398,404	2,683,026
Kansas-----	15,460	4,081,464	2,489,693
Kentucky-----	13,205	3,486,121	2,126,534
Louisiana-----	19,289	5,092,219	3,106,254
Maine-----	4,399	1,161,220	708,344
Maryland-----	15,690	4,142,132	2,526,701
Massachusetts-----	26,327	6,950,270	4,239,665
Michigan-----	37,851	9,992,659	6,095,522
Minnesota-----	19,282	5,090,471	3,105,187
Mississippi-----	11,499	3,035,713	1,851,785
Missouri-----	23,846	6,295,435	3,840,215
Montana-----	7,619	2,011,477	1,227,001
Nebraska-----	9,371	2,474,069	1,509,182
Nevada-----	4,605	1,215,612	741,523
New Hampshire-----	4,905	1,295,025	789,965
New Jersey-----	21,602	5,702,809	3,478,713
New Mexico-----	10,405	2,746,934	1,675,630
New York-----	90,896	23,996,414	14,637,813
North Carolina-----	19,072	5,034,906	3,071,293
North Dakota-----	6,139	1,620,722	988,640
Ohio-----	31,217	8,241,266	5,027,172
Oklahoma-----	18,873	4,982,467	3,039,305
Oregon-----	10,769	2,843,020	1,734,242
Pennsylvania-----	45,044	11,891,670	7,253,919
Rhode Island-----	4,616	1,218,524	743,300
South Carolina-----	8,904	2,350,667	1,433,907
South Dakota-----	7,027	1,855,117	1,131,621
Tennessee-----	13,811	3,646,132	2,224,141
Texas-----	63,565	16,781,058	10,236,445
Utah-----	6,192	1,634,615	997,115
Vermont-----	3,133	826,986	504,461
Virginia-----	12,882	3,400,919	2,074,561
Washington-----	13,218	3,489,620	2,128,668
West Virginia-----	9,480	2,502,809	1,526,713
Wisconsin-----	22,040	5,818,626	3,549,362
Wyoming-----	4,651	1,227,983	749,070
American Samoa-----	0	0	0
Guam-----	1,327	350,259	213,658
North Mariana Island-----	397	104,737	63,890
Puerto Rico-----	10,284	2,714,851	1,656,059
Trust Territory (excluding NMI)-----	0	0	0
Virgin Islands-----	0	0	0
Indian Tribe Set Asi-----	0	0	0
Indian Tribes-----	0	0	0
Freely Associated States-----	0	0	0
AMS/ASCS/PCIMS Admin Exp-----	0	0	74,000
Anticipated Adjustment-----	0	0	2,448,551
TOTAL-----	919,916	242,856,830	\$150,665,217

a/ Meals served times rate. Rate is \$62.06 per meal.

NOTE: Data for Title III and VI Programs are based in part on preliminary data submitted by the States and local agencies and are subject to change as revised reports are received. Totals may not add due to rounding.

NUTRITION PROGRAM FOR THE ELDERLY
Quantity and Value of Commodities

School or Fiscal Year 1993

Page 1 of 2

ENTITLEMENT COMMODITIES	Pounds	Dollars
SECTION 6/32 TYPE:		
APPLE SLICES, CANNED	132,873	\$54,018
APPLES, FRESH	38,192	9,600
APPLESAUCE, CANNED	321,288	91,647
BEANS, GREEN, CANNED	351,500	100,103
BEANS, GREEN, FROZEN	201,000	69,037
BEANS, REFRIED, CANNED	672	205
BEEF PATTIES, FRZ	15,264	21,178
BEEF, FROZEN GROUND	929,880	1,169,843
BLACKBERRIES FRZ	41,070	31,390
BLUEBERRIES	85,620	70,634
CHERRIES FRZ	19,200	7,893
CHICKENS, DICED FRZ.	134,120	305,590
CHICKENS, FROZEN, CUT-UP	604,080	381,836
CORN, CANNED, LIQUID	223,080	67,980
CORN CANNED VACUUM	1,293	629
CORN FROZEN	124,830	45,546
EGGS, WHOLE FROZEN	67,020	29,402
MIXED FRUIT	356,958	180,389
PEACHES, CLING CANNED	763,678	362,390
PEACHES, FREESTONE FRZ SLICED	3,220	2,046
PEARS, D'ANJOU FRESH	40,500	12,276
PEARS, DICED	149,153	58,435
PEARS, HALVES	118,856	46,970
PEARS, SLICED	161,555	63,365
PEAS, GREEN CANNED	95,393	24,266
PEAS, GREEN FROZEN	210,030	74,259
PINEAPPLE, CANNED	363,674	192,737
PLUMS, CANNED PITTED	111,459	41,915
PORK, FRZ GROUND	86,580	88,201
POTATO ROUNDS, FROZEN	175,170	50,087
POTATOES, OVEN FRY	42,480	11,905
RAISINS	1,500	769
SWEET POTATOES, SYRUP	128,953	52,579
SALSA	557	198
TUNA	42,120	45,916
TURKEY ROASTS, FROZEN	508,880	699,588
TURKEY, FROZEN GROUND	277,840	167,618
TURKEY, FROZEN WHOLE	167,600	101,836
Total Section 6/32 Type	7,097,138	\$4,734,276

continued on the next page

NUTRITION PROGRAM FOR THE ELDERLY
Quantity and Value of Commodities

School or Fiscal Year 1993

Page 2 of 2

ENTITLEMENT COMMODITIES	Thousands of Pounds	Thousands of Dollars
SECTION 416-TYPE:		
CHEESE, CHEDDAR	80,370	\$90,859
CHEESE, MOZZARELLA	6,288	8,465
CHEESE, PROCESS	300	403
FLOUR	233,000	29,337
MACARONI	94,500	22,924
OIL, VEGETABLE	15,293	5,242
PEANUT BUTTER	38,611	29,492
PEANUT, ROASTED	720	756
RICE, MILLED	64,775	11,796
ROTINI	6,700	1,925
SHORTENING, VEGETABLE	5,868	2,470
SPAGHETTI, ENRICHED	58,380	14,868
Total Section 416-Type	604,805	\$218,537
Anticipated Adjustment		3,047,187
AMS/ASCS/PCIMS Admin. Expenses		74,000
Total Commodity Entitlement	7,701,943	\$8,074,000
BONUS COMMODITIES		
SECTION 32-TYPE:		
ALMOND SLIVERS		
ASPARAGUS, CANNED	33,744	\$27,027
ASPARAGUS FROZEN	42,600	56,090
BEANS, DRY PINTO	10,725	2,712
BEANS, CND PINTO	21,425	\$4,693
BEANS REFRIED	38,304	12,082
BEANS, VEGETARIAN	55,809	\$11,929
BLACKBERRY PUREE	60,858	41,402
CHERRIES FRZ	61,740	26,567
CHICKEN CUT UP	10,000	5,757
CHICKENS, FRZ DRUM	8,000	2,810
CHICKENS, FRZ LEGS	7,440	2,419
CHICKEN THIGHS	1,600	594
DATE PIECES	43,050	33,732
GRAPE JUICE	137,902	46,640
ORANGE JUICE FRZ CONC	132,000	67,287
ORANGES FRESH	2,555	450
PEACHES FRZ	34,000	22,593
PEARS SLICED	83,504	34,459
POTATOES, FLAKED DEHYDRATED	108,960	\$56,699
POTATOES, GRANULES	36,000	17,948
SALMON, PINK CANNED	17,523	\$28,950
TOMATOES, CRUSHED	72,624	\$21,910
TOMATO PASTE, CANNED	2,140	\$786
TOMATO SAUCE	20,352	5,234
TOMATOES, CANNED	12,240	\$4,045
Total Section 32 Type	1,055,095	\$534,815
SECTION 416-TYPE:		
BUTTER	289,908	\$260,690
CORNMEAL	21,600	2,403
FLOUR		
Total Section 416 Type	311,508	\$263,093
Total Bonus Commodities	1,366,603	\$797,908
TOTAL - ALL COMMODITIES	9,068,546	\$8,871,908
CASH IN LIEU OF COMMODITIES		142,591,217
GRAND TOTAL	9,068,546	\$151,463,125

Source: Preliminary food orders for school or fiscal year 1993.

Note: Due to rounding, the individual entries may not add to the totals shown.

SOUP KITCHENS AND FOOD BANKS
Quantity and Value of Commodities

By Commodity, Fiscal Year 1993

ENTITLEMENT COMMODITIES	Pounds	Dollars
SECTION 6/32 TYPE:		
APPLESAUCE, CANNED	3,009,600	\$1,102,523
BEANS, GREEN CANNED	7,569,315	2,269,969
BEANS, VEGETARIAN	36,720	9,571
BEEF GROUND	435,600	538,021
CHICKEN, CANNED BONED	3,178,980	6,250,235
CHICKEN, FRZ CUT-UP	1,000,000	633,250
CORN, WHOLE KERNEL	3,009,600	1,169,583
FRUIT COCKTAIL	4,890,600	3,085,467
PEARS, CANNED	1,539,000	798,593
PEAS, GREEN CANNED	5,882,400	1,779,426
PINEAPPLE CANNED	5,322,240	2,629,187
PORK, CANNED, W-MJ	3,401,439	4,316,255
POTATOES, DEHYDRATED	330,000	228,103
POULTRY, CANNED BONED	0	0
TOMATO JUICE	14,937,552	3,412,604
TURKEY ROASTS	160,000	223,660
Total Section 6/32 Type	54,703,046	\$28,446,447
SECTION 416-TYPE:		
NFD MILK	2,534,400	\$3,160,170
RICE, MILLED	714,000	130,383
Total Section 416 Type	3,248,400	\$3,290,553
Anticipated Adjustment		0
AMS/ASCS/PCIMS Admin. Expenses		263,000
Total Commodity Entitlement	57,951,446	\$32,000,000

SOURCE: Preliminary final food orders for fiscal year 1993.

SURPLUS COMMODITY DONATIONS TO
CHARITABLE INSTITUTIONS AND SUMMER CAMPS

STATUS OF PROGRAM

Under section 416 price support and section 32 surplus removal authorities, commodities are acquired by the Commodity Credit Corporation (CCC) and the Agricultural Marketing Service (AMS) and are made available at no cost to the Surplus Commodity Donations Program administered by FNS.

Commodities are distributed to nonprofit charitable institutions serving needy persons and to summer camps for children. To be eligible, an institution must be nonprofit and serve meals on a regular basis. Among the charitable institutions receiving donated commodities are: homes for the elderly, hospitals that offer general and long term health care, soup kitchens, meals-on-wheels programs and orphanages that do not participate in any of the Child Nutrition Programs. Similar rules apply to both institutions and summer camps. Those camps participating in the Summer Food Service Program are not eligible to receive commodities through this program. The Charitable Institutions and Summer Camp Program is one of FNS' largest outlets for commodities bought under farm program authorities and can absorb products during the summer when schools, the largest outlet, cannot.

In Fiscal Year 1993, foods valued at \$95.4 million were distributed to charitable institutions. An additional \$3.5 million in food was distributed to summer camps.

SUMMER CAMPS AND CHARITABLE INSTITUTIONS
Quantity and Value of Commodities

By Commodity, Fiscal Year 1993

ENTITLEMENT COMMODITIES	Summer Camps		Charitable Institutions	
	Pounds	Dollars	Pounds	Dollars
SECTION 6/32 TYPE:				
MEAT, LUNCHEON CANNED	0	\$0	0	\$0
PORK, CANNED W/NJ	0	\$0	0	0
Total Section 6/32 Type	0	\$0	0	\$0
SECTION 416-TYPE:				
CORNMEAL	92,650	\$10,463	6,357,050	\$716,190
FLOUR	15,000	2,256	0	0
GRITS, CORN	15,350	2,246	2,393,150	309,537
MACARONI	547,260	133,298	9,711,080	2,411,947
OATS, ROLLED	291,732	56,946	6,722,408	1,274,636
OIL, SALAD DRESSING SOC	0	0	58,822	19,340
OIL, VEGETABLE	1,265,548	436,686	30,980,601	10,254,030
PEANUT BUTTER	882,928	663,986	14,072,014	10,876,859
PEANUT GRANULES	24,066	21,820	335,727	347,483
PEANUTS, ROASTED	268,704	257,845	4,240,504	4,169,352
RICE, BROWN	0	0	252,000	38,900
RICE, MILLED	508,600	83,508	17,482,386	3,003,972
ROTINI	629,320	185,002	5,148,000	1,441,053
SHORTENING, LIQUID VEG	111,527	40,360	5,139,547	1,842,278
SHORTENING, VEGETABLE	704,133	293,488	17,737,266	7,113,567
SPAGHETTI, ENRICHED	444,400	112,982	8,824,845	2,271,476
WHEAT, ROLLED	0	0	1,386,000	219,158
Total Section 416-Type	5,801,218	\$2,300,886	130,841,400	\$46,309,778
Total Commodity Entitlement	5,801,218	\$2,300,886	130,841,400	\$46,309,778

BONUS COMMODITIES

SECTION 32-TYPE:				
CHERRIES FRZ	40,650	\$18,639	5,164,610	\$2,306,838
GRAPEFRUIT FRESH			874,505	202,544
ORANGES	45,554	8,027	2,192,818	386,401
ORANGE JUICE FRZ			1,570,170	800,388
PEACHES CND	387,762	176,095	2,691,924	345,937
PEARS DICED	118,224	50,026	1,064,706	452,153
PEARS HALVES	15,800	6,995	409,062	181,097
PEARS SLICED	0	0	599,612	267,204
POTATO BAKING			481,750	78,786
SALMON, PINK CANNED	0	0	2,308,310	3,462,448
TOMATOES, FRESH			464,675	184,990
TOMATO PASTE			828,282	307,922
TOMATO SAUCE	0	0	1,792,732	461,007
TOMATOES, CANNED	0	0	2,467,745	853,916
TOMATOES, CRUSHED	0	0	1,558,800	472,414
Total Section 32 Type	607,990	\$259,782	24,469,701	\$10,764,045
SECTION 416-TYPE:				
BUTTER	1,043,028	944,983	41,414,244	38,268,192
BUTTER PATTIES, SOC	0	0	102,990	81,621
Total Section 416 Type	1,043,028	\$944,983	41,517,234	\$38,349,813
Total Bonus Commodities	1,651,018	\$1,204,765	65,986,935	\$49,113,858
GRAND TOTAL (Entitlement & Bonus)	7,452,236	\$3,505,651	196,828,335	\$95,423,636

SOURCE: Preliminary final food orders for fiscal year 1993

SUMMER CAMPS AND CHARITABLE INSTITUTIONS
Value of Surplus Commodity Donations

Fiscal Year 1993

State or Territory	Summer Camps	Charitable Institutions	TOTAL
Alabama-----	31,524 :	1,392,568 :	\$1,424,092
Alaska-----	:	284,095 :	284,095
Arizona-----	42,580 :	1,615,364 :	1,657,944
Arkansas-----	17,108 :	892,359 :	909,467
California-----	141,995 :	16,836,594 :	16,978,589
Colorado-----	62,257 :	1,266,833 :	1,329,090
Connecticut-----	62,746 :	128,639 :	191,385
Delaware-----	322 :	449,383 :	449,705
District of Columbia-----	:	680,013 :	680,013
Florida-----	58,833 :	3,911,464 :	3,970,297
Georgia-----	77,071 :	3,081,759 :	3,158,830
Hawaii-----	4,689 :	278,953 :	283,642
Idaho-----	52,717 :	435,259 :	487,976
Illinois-----	37,961 :	336,342 :	374,303
Indiana-----	58,879 :	194,684 :	253,563
Iowa-----	100,774 :	917,797 :	1,018,571
Kansas-----	:	1,096,988 :	1,096,988
Kentucky-----	12,576 :	983,905 :	996,481
Louisiana-----	9,579 :	2,487,887 :	2,497,466
Maine-----	72,516 :	38,582 :	111,098
Maryland-----	25,798 :	1,888,014 :	1,913,812
Massachusetts-----	49,130 :	2,808,693 :	2,857,823
Michigan-----	185,965 :	3,587,091 :	3,773,056
Minnesota-----	162,669 :	1,926,885 :	2,089,554
Mississippi-----	10,222 :	1,237,472 :	1,247,694
Missouri-----	42,186 :	1,907,463 :	1,949,649
Montana-----	6,396 :	367,774 :	374,170
Nebraska-----	12,840 :	458,579 :	471,419
Nevada-----	346 :	536,675 :	537,021
New Hampshire-----	167,981 :	439,559 :	607,540
New Jersey-----	36,519 :	1,734,963 :	1,771,482
New Mexico-----	2,371 :	369,115 :	371,486
New York-----	589,084 :	8,807,459 :	9,396,543
North Carolina-----	54,172 :	1,820,439 :	1,874,611
North Dakota-----	30,965 :	433,771 :	464,736
Ohio-----	:	1,843,831 :	1,843,831
Oklahoma-----	279,395 :	1,276,807 :	1,556,202
Oregon-----	105,921 :	1,164,320 :	1,270,241
Pennsylvania-----	396,227 :	4,900,157 :	5,296,384
Rhode Island-----	:	204,247 :	204,247
South Carolina-----	63,154 :	1,396,019 :	1,459,173
South Dakota-----	11,512 :	258,860 :	270,372
Tennessee-----	:	1,224,127 :	1,224,127
Texas-----	64,002 :	8,751,219 :	8,815,221
Utah-----	25,356 :	477,643 :	502,999
Vermont-----	22,950 :	376,193 :	399,143
Virginia-----	89,242 :	1,182,258 :	1,271,500
Washington-----	111,884 :	2,176,392 :	2,288,276
West Virginia-----	49,891 :	1,256,503 :	1,306,394
Wisconsin-----	58,581 :	2,388,392 :	2,446,973
Wyoming-----	6,765 :	208,505 :	215,270
American Samoa-----	:	:	0
Freely Associated States-----	:	:	0
Guam-----	:	1,080 :	1,080
N. Mariana Islands-----	:	:	0
Puerto Rico-----	:	703,663 :	703,663
Virgin Islands-----	:	:	0
Indian Tribes-----	:	:	0
DOD Army/AF/USMC/NAVY-----	:	:	0
Undistributed-----	:	:	0
TOTAL-----	\$3,505,651 :	\$95,423,636 :	\$98,929,287

SOURCE: Preliminary final food orders for fiscal year 1993.

FOOD AND NUTRITION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

The Emergency Food Assistance Program:

For necessary expenses to carry out the Emergency Food Assistance Act of 1983, as amended, \$40,000,000: Provided, That, in accordance with section 202 of Public Law 98-92, these funds shall be available only if the Secretary determines the existence of excess commodities. [For purchases of commodities to carry out the Emergency Food Assistance Act of 1983, as amended, \$80,000,000]

This change deletes language that provides funds for the procurement of commodities for distribution within The Emergency Food Assistance Program. This change will not affect the continued distribution of bonus commodities.

THE EMERGENCY FOOD ASSISTANCE PROGRAM

Appropriations Act, 1994	\$120,000,000
Budget Estimate, 1995	<u>40,000,000</u>
Decrease in Appropriation	<u>-80,000,000</u>

SUMMARY OF INCREASES

(On basis of appropriation)

<u>Item of Change</u>	<u>1994 Estimated</u>	<u>Program Change</u>	<u>1995 Estimated</u>
The Emergency Food Assistance Program			
Total Available	<u>\$120,230,000</u>	<u>-\$80,000,000</u>	<u>\$40,230,000</u>

PROJECT STATEMENT

(On basis of adjusted appropriation)

	: 1993	: 1994	: Increase	: 1995
	: Actual 1/	: Estimated	: or	: Estimated
	: Amount	: Amount	: Decrease	: Amount
Project				
Administrative Costs	\$44,987,035:	\$40,000,000:	\$ —	\$40,000,000
P.L. 103-66...2/.....	—	10,000:	—	10,000
Subtotal, Administrative Costs.....	44,987,035:	40,010,000:	—	40,010,000
Commodity Procurement	119,999,990:	80,000,000:	-80,000,000:	—
P.L. 103-66...2/.....	—	220,000:	—	220,000
Subtotal, Commodity Procurement.....	119,999,990:	80,220,000:	-80,000,000:	220,000
Total, Obligations.....	164,987,025:	120,230,000:	-80,000,000:	40,230,000
Unobligated Balance Expiring.....	12,975:	—	—	—
Total Appropriation.....	165,000,000:	120,230,000:	-80,000,000:	40,230,000

1/ Excludes \$42,329,000 in one-time funds provided by P.L. 102-552.

2/ Provides \$230,000 for TEFAP demonstration projects for Fiscal Years 1994 through 1996.

EXPLANATION OF PROGRAM

Overview of Program Development. The Emergency Food Assistance Program (TEFAP) evolved from the Special Dairy Distribution Program which began December 11, 1981, with the release of 30 million pounds of cheese. The program has the dual goal of reducing the government held commodity surpluses and providing emergency food assistance to low-income individuals and households. TEFAP was formally authorized in 1983 by Section 204 of Public Law 98-8 including the provision of funds to State and local agencies to share some of the cost of intrastate distribution of the commodities. Public Law 98-92 appropriated funds for Fiscal Year 1983 and authorized funds through Fiscal Year 1985 for costs of storage and intrastate distribution of Commodity Credit Corporation commodities donated to needy individuals by States. Public Law 100-77 authorized funds through Fiscal Year 1988 for this purpose.

For Fiscal Years 1989 and 1990, the Hunger Prevention Act of 1988 authorized \$50 million for continued support of State administrative activities and \$120 million for the purchase and distribution of additional commodities that were high in nutrient content, as well as safely and easily stored and used. The purchased commodities were in addition to commodities that could be made available from USDA inventories. These activities were reauthorized by the FACT Act of 1990, P.L. 101-624. Specific authorizations for appropriation of funds for commodity purchases were included for Fiscal Years 1991-1995.

Eligibility. Commodities are distributed to the States which, in turn, provide them to low-income and unemployed persons, according to income-based eligibility criteria set by the States. States are allocated commodities based on a formula which considers the number of persons in each State below the poverty level (60 percent) and the number of persons unemployed (40 percent).

Benefits. USDA provides commodities and cash subsidies for State and local expenses incurred for storage and distribution of USDA donated commodities. USDA will distribute surplus butter and cornmeal in Fiscal Year 1994. In addition, funds have been provided by direct appropriation so that USDA may also purchase foods high in nutrient density specifically for distribution via TEFAP. The additional foods USDA plans to purchase in Fiscal Year 1994 include canned peas, green beans, applesauce, orange juice, pork, and beef, as well as peanut butter, raisins, rice, and dry bagged beans.

In Fiscal Year 1994, a total of \$40 million in administrative funds will be distributed by the Food and Nutrition Service (FNS) to States through grants. Allocation of administrative funds to States is based on the same formula used to allocate commodities to States (the number of persons in each State below the poverty level and the number of unemployed persons).

In each of Fiscal Years 1994 through 1996, P.L. 103-66, The Omnibus Budget Reconciliation Act of 1993, has provided \$230,000 in mandatory funds to operate TEFAP demonstration projects in two states. The demonstration projects are designed to test commodities that are low in sodium, fat, sugar and are high in nutrients.

State/Federal Responsibilities. The Emergency Food Assistance Program operates as a Federal/State partnership under agreements entered into between FNS and State agencies. Once the foods are made available to States, the overall organization and administration of the program become the responsibilities of State agencies. Each State is responsible for selecting emergency feeding organizations to distribute the commodities and for determining the eligibility of persons to participate. The frequency of the distributions, as well as the quantities of commodities to be distributed to local areas, are also determined by each State distributing agency.

State administrative costs are subsidized by the Federal government. However, by statute, States must pass down at least 40 percent of their administrative funding to local organizations. State distributing agency costs include contracted services such as warehousing and delivery of commodities.

State distributing agencies coordinate the activities of emergency feeding organizations, which in turn serve distribution sites nationwide. Typical distribution sites include churches and community action agencies; many sites have other principal purposes unrelated to food distribution. They are staffed largely by volunteers.

The Federal government pays 100 percent of the costs of surplus commodities donated to States, plus the cost of purchased commodities, and provides grants of administrative funds. USDA also pays for processing the commodities into household size packages, and shipping them to locations within the States.

JUSTIFICATION OF INCREASES AND DECREASES

A decrease of \$80,000,000 in the appropriation for commodity procurement (\$80,000,000 available in 1994).

Need for Change. Bonus commodities are provided and made available for distribution within TEFAP each year. The original intent of the program was to distribute excess surplus and price support commodities. Other food assistance programs will continue to be available to help recipients, as will USDA bonus commodities and commodities donated through the private sector.

Nature of Change. A decrease of \$80,000,000 would eliminate all discretionary funds available for commodity procurement.

THE EMERGENCY FOOD ASSISTANCE PROGRAM

STATUS OF PROGRAM

Funds for The Emergency Food Assistance Program (TEFAP) are provided to States to help finance State and local costs associated with the transportation, processing, storage and distribution of donated commodities. A total of \$224.6 million in bonus and purchased commodities were provided for Fiscal Year 1993 for household distribution.

Current Activities

TEFAP commodities and funds for intrastate distribution are allocated to the States based on a formula which considers the unemployment rates in the States and the number of persons in each State with incomes below the poverty level. During Fiscal Year 1993, \$207.3 million was appropriated for commodities and administrative funding. This includes one-time assistance of \$42.3 million for the purchase of commodities, as provided under P.L. 102-552.

Bonus commodities totaling nearly 110.8 million pounds and valued at \$63.3 million were donated to the States during Fiscal Year 1993 by the USDA. These commodities included butter and cornmeal. The additional commodities purchased and donated for household distribution include: raisins, dry bagged beans, rice, dehydrated potatoes, and the following canned foods: applesauce, orange juice, peaches, pears, fruit cocktail, green beans, peas, vegetarian beans, refried beans, pork, peanut butter, tuna, and apple juice. They totaled over 288.7 million pounds and were valued at \$161.3 million. Both donated and purchased commodities are distributed to the needy through the combined efforts of Federal, State, and local governments, private voluntary organizations and volunteer ad hoc efforts.

Once donated foods are made available to States, the overall organization and administration of the program becomes the responsibility of State agencies. Each State is responsible for selecting emergency feeding organizations to distribute the commodities and for determining the eligibility of persons to participate.

Fiscal Year 1993 TEFAP Summary
(millions)

	<u>Dollars</u>	<u>Pounds</u>
State Administrative Expenses	\$45.0	--
Commodities		
Bonus Commodities	\$63.3	110.8
Purchased Commodities	119.0	212.9
Additional Commodity Procurement		
Funds Provided by P.L. 102-552	<u>42.3</u>	<u>75.8</u>
	224.6	399.5
AMS/ASCS Administration and PCIMS	<u>1.0</u>	<u>--</u>
TOTAL	<u>\$270.6</u>	<u>399.5</u>

THE EMERGENCY FOOD ASSISTANCE PROGRAM
Bonus and Entitlement Commodity Donations

Fiscal Year 1993

State or Territory	Pounds of Food	Value in Dollars
Alabama-----	8,154,631	\$4,443,966
Alaska-----	708,781	361,956
Arizona-----	7,327,218	3,869,781
Arkansas-----	4,979,804	2,619,255
California-----	70,907,115	35,895,561
Colorado-----	3,914,565	2,288,071
Connecticut-----	3,761,322	2,122,831
Delaware-----	875,463	515,487
District of Columbia-----	1,213,338	690,792
Florida-----	18,791,419	10,903,712
Georgia-----	8,932,764	4,889,650
Hawaii-----	1,584,569	763,308
Idaho-----	2,192,586	1,106,628
Illinois-----	18,279,156	10,151,707
Indiana-----	7,260,144	4,228,943
Iowa-----	3,044,376	1,855,260
Kansas-----	3,356,283	1,773,939
Kentucky-----	5,957,680	3,303,594
Louisiana-----	9,373,847	5,191,237
Maine-----	1,896,785	1,137,919
Maryland-----	6,111,430	3,517,459
Massachusetts-----	8,884,758	4,692,684
Michigan-----	14,391,915	8,685,520
Minnesota-----	5,054,904	3,086,129
Mississippi-----	6,919,920	3,591,590
Missouri-----	7,891,610	4,047,601
Montana-----	1,155,408	754,348
Nebraska-----	1,713,678	1,072,988
Nevada-----	1,677,014	905,614
New Hampshire-----	1,401,261	818,798
New Jersey-----	9,501,379	5,697,236
New Mexico-----	3,201,462	1,657,597
New York-----	27,169,118	15,741,550
North Carolina-----	8,071,395	4,180,653
North Dakota-----	903,040	509,514
Ohio-----	18,011,973	9,534,464
Oklahoma-----	5,190,837	2,582,323
Oregon-----	4,718,361	2,246,883
Pennsylvania-----	16,823,970	9,700,574
Rhode Island-----	934,926	542,394
South Carolina-----	5,329,593	2,308,887
South Dakota-----	933,417	503,079
Tennessee-----	8,149,356	4,708,214
Texas-----	33,312,650	19,060,498
Utah-----	2,167,464	1,194,869
Vermont-----	993,811	547,837
Virginia-----	7,305,966	4,149,645
Washington-----	7,243,395	4,251,285
West Virginia-----	3,982,077	2,485,927
Wisconsin-----	5,573,313	3,410,520
Wyoming-----	504,233	383,343
American Samoa-----	0	0
Guam-----	359,412	97,826
North Marian Island-----	156,000	37,859
Puerto Rico-----	14,401,470	6,575,291
Trust Territory (excluding NMI)-----	0	0
Virgin Islands-----	382,833	437,676
Indian Tribe Set Asi-----	0	0
Indian Tribes-----	0	0
Freely Associated States-----	0	0
DOD Army/AF/USMC/Navy-----	8,214,336	5,836,211
AMS/ASCS Admin Expenses-----	--	984,000
Anticipated Adjustment-----	-31,735,856	-12,998,647
TOTAL-----	399,513,675	\$225,653,836

SOURCE: Preliminary final food orders for fiscal year 1993.

THE EMERGENCY FOOD ASSISTANCE PROGRAM
Administrative Expense Funding

Fiscal Years 1993-1994

State or Territory	Actual 1993	Estimated 1994
Alabama-----	\$869,097	\$784,320
Alaska-----	81,405	70,560
Arizona-----	686,118	589,760
Arkansas-----	511,019	437,160
California-----	5,468,715	5,115,040
Colorado-----	519,215	448,760
Connecticut-----	402,618	370,360
Delaware-----	87,729	71,040
District of Columbia-----	123,120	109,520
Florida-----	2,321,955	2,026,080
Georgia-----	1,135,575	968,560
Hawaii-----	119,295	113,360
Idaho-----	158,615	150,120
Illinois-----	1,994,447	1,791,600
Indiana-----	787,493	685,640
Iowa-----	381,600	332,440
Kansas-----	318,447	318,120
Kentucky-----	752,590	699,360
Louisiana-----	1,074,735	943,600
Maine-----	177,215	178,360
Maryland-----	634,417	568,760
Massachusetts-----	916,385	731,040
Michigan-----	1,715,317	1,453,880
Minnesota-----	571,907	540,200
Mississippi-----	712,710	601,240
Missouri-----	861,892	774,800
Montana-----	148,302	130,520
Nebraska-----	168,100	167,120
Nevada-----	176,359	172,640
New Hampshire-----	141,750	120,360
New Jersey-----	1,139,265	919,040
New Mexico-----	346,770	320,960
New York-----	3,207,572	2,769,920
North Carolina-----	1,071,848	918,080
North Dakota-----	99,945	89,160
Ohio-----	1,804,545	1,547,400
Oklahoma-----	580,644	528,280
Oregon-----	479,880	450,320
Pennsylvania-----	1,875,058	1,672,720
Rhode Island-----	164,025	137,480
South Carolina-----	632,925	602,080
South Dakota-----	107,730	94,880
Tennessee-----	905,036	802,200
Texas-----	3,653,785	3,236,240
Utah-----	227,385	199,920
Vermont-----	82,730	72,200
Virginia-----	906,075	752,280
Washington-----	729,307	721,040
West Virginia-----	437,175	400,680
Wisconsin-----	650,675	599,240
Wyoming-----	64,080	60,160
American Samoa-----	0	0
Guam-----	16,078	14,480
North Mariana Island-----	7,965	7,240
Puerto Rico-----	1,773,225	1,603,360
Trust Territory (excluding NMI)-----	0	0
Virgin Islands-----	18,135	16,320
Indian Tribe Set Asi-----	0	0
Indian Tribes-----	0	0
Freely Associated States-----	0	0
DOD Army/AF/USMC/Navy-----	0	0
Undistributed-----	-12,965	0
TOTAL-----	\$44,987,035	\$40,000,000

THE EMERGENCY FOOD ASSISTANCE PROGRAM
Quantity and Value of Commodities

By Commodity, Fiscal Year 1993

ENTITLEMENT COMMODITIES	Pounds	Dollars
SECTION 6/32 TYPE:		
APPLE JUICE	24,948,000	\$6,497,770
APPLESAUCE	21,648,600	8,145,272
BEANS, DRY	12,297,600	4,054,630
BEANS, GREEN, CANNED	7,936,110	2,624,879
BEANS, REFRIED	1,138,320	409,000
BEANS, VEGETARIAN	14,614,560	4,229,386
FRUIT COCKTAIL	14,364,000	8,234,306
ORANGE JUICE, CANNED	38,253,600	9,271,523
PEACHES, CLING CND	12,722,400	6,841,383
PEARS, CANNED	1,710,000	887,325
PEAS, GREEN CANNED	8,208,000	2,241,796
PORK, CANNED W/NJ	33,362,803	42,457,780
POTATOES, FLAKES DEHY	3,360,000	2,322,498
RASINS	20,321,280	12,177,892
TUNA, CANNED	4,895,100	6,916,913
Total Section 6/32 Type	219,780,373	\$117,312,353

ENTITLEMENT COMMODITIES

SECTION 416-TYPE:		
PEANUT BUTTER	51,798,432	\$40,580,521
RICE MILLED	17,184,240	3,369,657
Total Section 416-Type	68,982,672	\$43,950,178
AMS/ASCS/PCIMS Admin. Expenses		984,000
Anticipated Adjustment		82,459
Total Commodity Entitlement	288,763,045	\$162,328,990

BONUS COMMODITIES

SECTION 416-TYPE:		
BUTTER	61,783,380	\$57,386,803
CORNMEAL	48,967,250	5,938,043
Anticipated Adjustment	0	0
Total Section 416-Type	110,750,630	\$63,324,846
GRAND TOTAL (Entitlement & Bonus)	399,513,675	\$225,653,836

SOURCE: Preliminary food orders for fiscal year 1993.

FOOD AND NUTRITION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Food Program Administration:

For necessary administrative expenses of the domestic food programs funded under this Act, [~~\$107,767,000~~] \$106,983,000, of which \$5,000,000 shall be available only for simplifying procedures, reducing overhead costs, tightening regulations, improving food stamp coupon handling, and assistance in the prevention, identification, and prosecution of fraud and other violations of law: Provided, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$150,000 shall be available for employment under 5 U.S.C. 3109.

FOOD PROGRAM ADMINISTRATION

Appropriations Act	\$107,767,000
Budget Request, 1995	<u>106,983,000</u>
Decrease in Appropriation	<u>-784,000</u>

SUMMARY OF INCREASES AND DECREASES

(On basis of appropriation)

<u>Item of Change</u>	<u>1994 Estimated</u>	<u>Pay Cost</u>	<u>Program Changes</u>	<u>1995 Estimated</u>
Salaries and Expenses..	<u>\$107,767,000</u>	<u>\$908,000</u>	<u>-\$1,692,000</u>	<u>\$106,983,000</u>

PROJECT STATEMENT

(On basis of appropriation)

<u>Project</u>	<u>: 1993 Actual</u>	<u>: 1994 Estimated</u>	<u>: Increase:</u>	<u>1995 Estimated</u>
	<u>: Staff:</u>	<u>: Staff:</u>	<u>or</u>	<u>: Staff</u>
	<u>: Amount</u>	<u>: Amount</u>	<u>: Decrease:</u>	<u>: Amount</u>
	<u>: Years:</u>	<u>: Years:</u>		<u>: Years</u>
1. Child Nutrition/..	:	:	:	:
Special Milk.....	\$27,289,000: 470:	\$28,516,000: 470:	-\$213,000:	\$28,303,000: 468
2. Supplemental	:	:	:	:
Feeding.....	11,117,000: 195:	11,875,000: 195:	-86,000:	11,789,000: 194
3. Food Stamp.....	57,987,000: 989:	60,319,000: 989:	-430,000:	59,889,000: 985
4. Food Donations....	6,634,000: 115:	7,057,000: 115:	-55,000:	7,002,000: 115
Unobligated	:	:	:	:
balance lapsing..	508,000:	:	:	:
Total available or :	:	:	:	:
estimated.....	103,535,000:1,769:	107,767,000:1,769:	-784,000:	106,983,000:1,762

EXPLANATION OF PROGRAM

The Food Program Administration (FPA) appropriation funds Federal salaries and expenses necessary for the Food and Nutrition Service (FNS) to administer the U.S. Department of Agriculture's (USDA) domestic food assistance programs.

Overview. FNS was established August 8, 1969 to administer the domestic food assistance programs. The programs' goals are to provide needy persons with access to a more nutritious diet, to improve the eating habits of the nation's children, and to help America's farmers by providing an outlet for the distribution of foods purchased under farmer assistance authorities.

USDA began food distribution programs more than fifty years ago and used a variant of the current Food Stamp Program in the 1930's. Over the years, the programs shown in the following table were established and are currently in operation. Most FNS programs are operated in a Federal/State partnership, with State and local agencies administering the program at the actual delivery level. The general complexity of the programs and the number of State entities that FNS must work with are key factors influencing FPA costs.

<u>Year Begun</u>	<u>Program Name</u>	<u>Number and Types of Non-federal Partners</u>
1946	National School Lunch Program (NSLP)	58 State Education Agencies 54 Food Distribution Agencies (Also, 20,000 School Food Authorities)
1955	Special Milk Program	(Essentially the same as NSLP)
1961	Food Stamp Program	53 State Agencies 208,000 Authorized Firms 10,000 Financial Institutions 37 Federal Reserve Banks
1965	Nutrition Program for the Elderly	57 State Agencies

<u>Year Begun</u>	<u>Program Name</u>	<u>Number and Types of Non-federal Partners</u>
1966	School Breakfast Program	(Essentially the same as NSLP)
1968	Child and Adult Care Food Program	54 (Essentially the same as NSLP)
1969	Summer Food Service Program	53 (Essentially the same as NSLP)
1969	Commodity Supplemental Food Program	20 State Agencies
1972	Special Supplemental Food Program for Women, Infants, and Children (WIC)	84 State Agencies (Also, 45,500 Food Retailers)
1976	Food Distribution Program on Indian Reservations	6 State Agencies
1981	The Emergency Food Assistance Program	88 Indian Tribes
1981		55 State Agencies
1982	Nutrition Assistance Program for Puerto Rico	2 State Agency
1983	National Commodity Processing Program	11 Food Processors
1988	Soup Kitchen/Food Bank Program	55 State Agencies
1989	Farmers Market Nutrition Program	11 State Agencies

Responsibilities. FNS is responsible for paying the benefit costs and for paying a part of State administrative expenses for most food assistance programs. Depending upon how States have chosen to administer their part of the Federal/State partnership, FNS may work with the State department of human services, department of health, department of education, department on aging, department of agriculture, and/or State level commissions or other administrative units. When State law prohibits a State from disbursing program funds or where no State agency has assumed administrative responsibility, FNS assumes operation of the programs. In some programs, Indian tribal organizations function as State administering agencies.

FNS plans and coordinates the acquisition and distribution of purchased commodities to State agencies for use in domestic food assistance programs. FNS also distributes as bonus commodities surplus and price support commodities purchased for farm economic support purposes.

FNS implements program statutes through promulgation of regulations and instructions. FNS staff provide training and assistance to State Agencies, assure proper funds allocation and control, conduct program monitoring and evaluation, and develop program policy.

Streamlining the Agency.

Consistent with the President's directive dated September 11, 1993, recommendations of the Vice President's National Performance Review, and the Secretary's reorganization plan, the Food and Nutrition Service is developing plans to streamline its operations, increase efficiency, and minimize bureaucracy. Specifically,

- o The Office of the Consumer Advisor will be merged into the Food and Nutrition Service as a staff office (Office of Consumer Affairs) reporting to the Administrator, creating the Food and Consumer Service (FCS).
- o FNS will employ a "lead agency" concept, with FCS providing financial management and administrative management services to FCS and the Nutrition Research and Education Service (formerly HNIS). The Deputy Administrator for Management, FCS, and the Comptroller, FCS, will report to the FCS Administrator. All functions managed by the Assistant Secretary for Administration and the Chief Financial Officer at the Department level will be mirrored in the functional assignments to the Deputy Administrator for Management and the Comptroller at the Agency level.
- o Staffing levels at Headquarters will be reviewed, followed by reviews at field and regional offices. The Deputy Assistant Secretary has toured all Regional Offices and will be making specific recommendations with regards to field office changes in addition to 8 offices currently planned to be closed.

- o Personnel requirements will be reduced through reorganization and improvements in efficiency. By the end of 1995, FCS will reduce its staffing level from 1,921 to 1,915 and thereafter to 1,910, 1,890, and 1,850 in 1996, 1997 and 1998 respectively.

Organization. Administrative functions of FNS are managed by an Administrator, two Associate Administrators and five Deputy Administrators. Each Deputy Administrator is responsible for management of program or administrative functions, as follows:

- Food Stamp Program - program planning, development and oversight related to the Food Stamp Program including monitoring retail store compliance and conducting investigations through field locations.
- Special Nutrition Programs - program planning, development and oversight for Child Nutrition, Supplemental Food Programs, Food Donations Programs, National-Commodity Processing and nutrition and technical services.
- Financial Management - accounting, budget, grants management, administrative review and program information functions for all FNS programs.
- Administrative Management - personnel, civil rights and equal employment opportunity, information resource management, management information, procurement, property and general administrative services.
- Office of Governmental Affairs and Public Information - liaison with Congress, media and the public and informational support of FNS programs; also, provides coordination of the FNS response to disasters.

Also at Headquarters is one staff office:

- Office of Analysis and Evaluation - conducts policy research and analysis; supports legislative analysis, budget planning and regulatory review across programs; and conducts special studies and evaluations.

Since this structure is substantially consistent with the Secretary's reorganization plan, only minor changes are currently contemplated.

Program operations are managed through seven regional offices, each directed by a regional administrator, incorporating 2 sub-regional offices, 64 field offices, and 18 additional satellite locations. These offices maintain direct contact with State agencies which administer the FNS programs and also conduct on-site management reviews of State operations and the 208,000 firms authorized to accept food stamps.

For Fiscal Year 1994, FNS will concentrate on improving program administration, streamlining and operations (within existing law). The agency believes that greater emphasis on all aspects of program integrity and efficiency will result in improved benefit delivery to recipients. Major areas of emphasis in the administration of FNS programs include:

Food Stamp Program

- Continue approving and monitoring State agencies' implementation of Electronic Benefit Transfer plans (EBT), and participating in interagency efforts to develop a multi-state EBT prototype.
- Continue implementation of the Mickey Leland Childhood Hunger Relief Act P.L. 103-66, which made many necessary improvements in the Food Stamp Program.
- Continue development of procedures to increase coordination of services among the Aid to Families with Dependent Children, Medicaid, Supplemental Security Income Programs, and the Food Stamp Program.
- Implementation of a long-term multi-pronged strategy to increase and enhance retailer integrity enforcement actions including the conclusion of the reauthorization of retailers project begun in Fiscal Year 1992, and to provide program modifications which will help deter food stamp trafficking.
- Continue efforts at the national and regional office level to assist State agencies in reducing errors in certification, benefit determination, and issuance.

- Continue working on the five year plan for nutrition education for the Food Stamp Program. Encourage more States to include nutrition education components in their State plans and operations. Complete the development and print 5 million copies of a low-literacy nutrition education brochure and 10,000 posters introducing the Food Guide Pyramid to Food Stamp Program participants. A companion low literacy publication that addresses wise food shopping, basic food preparation tips and the new nutrition facts label is being developed. Monitor the Food Stamp Nutrition Education Demonstration Grants which are to be completed in Fiscal Year 1995.

Special Nutrition Programs

Child Nutrition Program

- Undertake major regulatory initiative to improve the quality of school meals consistent with the U.S. Dietary Guidelines.
- Implement Nutrient Standard Menu Planning (NSMP) demonstration project in 35 school food authorities; finalize workbooks and multi-media training materials and hold 4 workshops to train regional, State and local staffs.
- Continue development and testing of new school lunch recipes; contract for promotional package; and print and disseminate recipes.
- Continue to implement the Nutrition Education and Training (NET) Strategic Plan by developing a Needs Assessment Guide, conducting regional training workshops, developing Evaluation Guidelines, and pursuing partnership opportunities to achieve national strategic goals.
- Continued operation of the demonstration project to evaluate the participation of proprietary child care centers in the Child and Adult Care Food Program.
- Continued operation and expansion of the homeless demonstration project to evaluate the feasibility of providing Federal child nutrition funding for meals served to children in homeless shelters.
- Continued operation of the pilot programs designed to evaluate various alternatives to the meal counting and free and reduced price application requirements.
- Publish final regulations for direct certification of free meal eligibility in the National School Lunch Program.
- Continue technology transfer efforts in the National School Lunch Program and School Breakfast Program through Best Practice Awards.
- Provide staff support and technical assistance for the Nutrient Standard Menu Planning Demonstrations.

WIC Program

- Develop a revised Funds allocation formula to promote equitable distribution of appropriations among WIC State agencies.
- Continue coordination with the public health care community at large to prepare WIC for sustained rapid growth toward eventual full funding.
- Print and distribute the publication, entitled "Infant Nutrition and Feeding: A Reference Handbook for Nutrition and Health Counselors in the WIC and CSF Programs." This handbook is designed to assist WIC and CSFP State and local agency staff in providing staff in-service nutrition education and individual and group nutrition education to WIC and CSFP participants on the subject of infant nutrition.
- Continue implementation of WIC vendor management improvement initiatives and proposed and final regulations to strengthen the integrity of vendor selection, training, monitoring and sanctioning.
- Develop a WIC model education program with supporting materials on breastfeeding promotion, immunization, tobacco counseling, and an exit counseling brochure for those recipients no longer eligible for the WIC Program.

- Continued implementation of the Farmers' Market Nutrition Program, including grant awards, training and issuance of interim regulations.
- Continue implementation of Public Law 102-512, the WIC Infant Formula Procurement Act of 1992 through Federal solicitation of infant formula rebate bids and issuance of a report to Congress on the impact of this law on reduction in infant formula costs.

Commodity Programs

- Continued enhancement of the Processed Commodity Information Management System (PCIMS) which established one database for three USDA Agencies to use to manage the commodity programs and makes the programs more responsive to recipient agencies.
- Continue implementation of the Commodity Distribution Reform Act, P.L. 100-237, that mandated food distribution program enhancements which will make the system more responsive to recipient agencies.
- Continue in development of lower fat commodity products to assist schools and other outlets in achieving standards of the U.S. Dietary Guidelines.

Financial Management

- Improve the accounting and collection of debts, including the expansion of the Federal Tax Offset Program from 9 States in 1993 to 21 States in 1994. In 1995, the Agency anticipates another 12 to 15 States will be included.
- Implement a system for managing the processing of nonprocurement suspension and debarment actions to respond quickly and effectively to the need to protect Federal program resources.
- Continue development and implementation of the Agency Financial Management System: Correct current weaknesses in the system; implement the grants Management subsystem; and develop formal policy instructions and operating procedures.
- Develop a plan to centralize accounting station activities to save resources and maximize efficiency and consistency across all programs and regions.
- Implement procedures for inter-agency commodity reconciliation and accounting.
- Continue efforts to work with States on accounting for and collecting Food Stamp Program recipient claims. Develop accounting standards, instructions, and application software for recipient claims accounting.
- Establish and coordinate an Agency Performance Measures Working Group to support ongoing implementation of the requirements of the Chief Financial Officers Act of 1990 and the Government Performance and Results Act, P.L. 103-62.

Administrative Management

- Obtain Departmental approvals for EBT, Electronic Data Interchange and Business Process Re-engineering initiatives to further extend the FNS information structure.
- Develop National Integrated Quality Control System (NIQCS) contract for FNS, Administration on Children and Families (ACF) and Health Care Financing Administration (HCFA) including obtaining Delegated Procurement Authority/Technical Approval for hotline, hardware and software support.
- Coordinate with Department of Health and Human Services to implement the General Accounting Office recommendations relevant to improving the approval process for automation of State systems.
- Provide guidance and training on improved methods of using past performance information when assessing contractor proposals, as required by Office of Federal Procurement Policy (OFPP) Policy Letter 92-5 and the Federal Acquisition Regulation.
- Develop additional EBT guidance for Regional Offices and State agencies in the form of Model EBT Request for Proposal (RFP) Guidelines and EBT chapter for FNS' Advance Planning Document (APD) Handbook.

- Provide Information Resource Management (IRM) support to expand the Federal Tax Refund Offset Program from 9 to 21 States. Another 15 States are anticipated to join the Program in FY 1995.
- Improve technical evaluation criteria and methods for applying these criteria in evaluating a contractor's proposal.
- Improve guidance for research contract Statements of Work to increase the utilization of fixed-price contracts.
- Establish plan and monitor process implementing Executive Order 12861 to reduce civilian internal management regulations by 50 percent by September 11, 1996.
- Develop and offer Agencywide ethics training, as mandated by regulation.
- Continue enhancements to Store Tracking and Authorization Redemption System (STARS), and other Software Renewal Program maintenance activities.
- Implementation of Executive Order Number 12871 on Labor Management Partnerships.

JUSTIFICATION OF INCREASES AND DECREASES

- (1) A net decrease of \$784,000 for salaries and benefits and other expenses consisting of:

- (a) An increase of \$908,000 for the Fiscal Year 1995 pay raise.
- (b) A decrease of \$685,000 for a reduction in Federal employment.

Need for change. In support of the President's Executive Order mandating a reduction of 252,000 Federal positions by Fiscal Year 1998, FNS is eliminating three percent of its Fiscal Year 1993 personnel positions by the end of Fiscal Year 1995.

Nature of change. To achieve this reduction, FNS reduced its Fiscal Year 1994 staff year ceiling from 1,979 to 1,921. FNS will further reduce its staffing ceiling in Fiscal Year 1995 to 1,915.

<u>Activity</u>	<u>1993 Ceiling</u>	<u>1994 Revised Ceiling</u>	<u>1995 Ceiling</u>
Food Program Administration	1,827	1,769	1,762
Child Nutrition Programs	127	127	118
Food Stamp Program	<u>25</u>	<u>25</u>	<u>35</u>
TOTAL FNS STAFF-YEARS	1,979	1,921	1,915

- (c) A decrease of \$1,007,000 for administrative efficiency.

Need for change. In support of the President's Executive Order to promote the efficient use of resources for administrative purposes, FNS is committed to reducing administrative costs.

Nature of change. Although some costs, such as utilities and equipment have increased, FNS will reduce total discretionary expenses by \$1,007,000 in Fiscal Year 1995 in areas such as travel and other services.

FOOD PROGRAM ADMINISTRATION

STATUS OF PROGRAM

The Food Program Administration appropriation provides Federal operating expenses for administering the food assistance programs of the Food and Nutrition Service (FNS). Included under this account are the following programs: Food Stamp, Child Nutrition, Special Milk, Special Supplemental Food Program for Women, Infants, and Children (WIC), Commodity Supplemental Food, Food Donations Programs for Selected Groups, Nutrition Assistance for Puerto Rico, Surplus Commodity Donations activities, The Emergency Food Assistance Program, and National Commodity Processing. Major administrative activities of the FNS staff during Fiscal Year 1993 are as follows:

Food Stamp Program

The Food Stamp Program is in operation in all 50 States, the District of Columbia, the Virgin Islands and Guam. Its purpose is to give low income households access to a better diet by increasing their food purchasing power. The State agencies are responsible for certifying eligible households and issuing food stamps. The major activities performed by FNS include: developing policies and procedures for the administration of the program, providing technical assistance to State agencies, reviewing State agency quality control activities, determining the effectiveness and efficiency of State agency administration, reviewing and approving planning documents for computer system acquisitions and electronic benefit transfer issuance systems, and allocating employment and training funds to the State agencies. In addition, FNS directly authorizes the retail and wholesale firms which are approved to accept food stamps; controls the printing of food stamps and the distribution to State agencies; maintains fiscal accountability for food stamps issued to participants; and, in cooperation with the Federal Reserve System, establishes processes for the redemption and destruction of food stamps.

During Fiscal Year 1993, FNS performed the following principal Food Stamp Program administrative activities:

- Proposed major legislation to significantly increase food stamp benefits, simplify and improve program administration and help assure program integrity.
- Continued work on several demonstration projects directed toward program simplification, testing alternative systems for issuing food stamp benefits, demonstrating the effectiveness of conforming the food stamp Employment and Training Program to AFDC's Jobs Program, testing various welfare reform plans, and awarding outreach grants.
- Issued 2 proposed and 2 final regulations and 5 general notices.
- Acted upon 183 waiver requests, approving 154 and denying 29. Waivers of the regulations were requested in order to provide State agencies maximum flexibility to administer the program more effectively and efficiently.
- Continued support of State Agency efforts to implement Electronic Benefit Transfer Systems as alternative issuance methods.
- Coordinated the exchange of information on program management initiatives among State agencies by funding interstate exchange of expertise.
- Conducted regional error reduction conferences and awarded payment accuracy demonstration grants.
- Continued litigation and other action on quality control sanctions; continued litigation on other program issues.
- Approved 53 Employment and Training (E&T) Program State plans, allotted Federal funds for employment and training activities, and provided State agencies with guidance on E&T Program operations.
- Distributed reports on Compliance Branch investigations of retailers authorized to accept food stamps from recipients. The Compliance Branch sends these reports of its investigations of retail food stores to FNS regional offices, for appropriate administrative sanction actions, or to the Department's Office of Inspector General when it is determined that the potential for criminal prosecution exists.

- Investigated 4,644 stores for violations. Of this number, 2,147 of the stores were found to be violating Food Stamp Program regulations (46 percent), and 1,387 (30 percent) of the investigations disclosed violations serious enough to warrant disqualification or other sanction action by FNS. The remaining 760 violating firms received official warning letters.

Nutrition Assistance for Puerto Rico

For Fiscal Year 1993, Puerto Rico spent: \$1,008.71 million in benefits to clients participating in its Nutrition Assistance Program; \$29.149 million (Federal funds) to administer the program; and \$10.825 million for the Commonwealth's Tick Eradication special project, for a total Federal expenditure of \$1.049 billion.

Child Nutrition and Special Milk Programs

The Child Nutrition Programs--the National School Lunch, School Breakfast, Summer Food Service and Child and Adult Care Food Programs--serve nutritious meals to needy and other children attending eligible schools, child care institutions, and summer recreational programs. FNS works primarily through State agencies, providing cash and commodities for use in preparing and serving meals. FNS furnishes administrative and program assistance to State agencies and participating schools and institutions. FNS also develops the policies, procedures and standards used in administering the programs and determining eligibility.

The FNS regional offices directly administer the National School Lunch and School Breakfast Programs for residential child care institutions and private schools where the State educational agency does not disburse funds. FNS regional offices also directly administer the Summer Food Service Program and the Child and Adult Care Food Program for nonresidential child care institutions where no State agency has assumed administrative responsibility. Because of the great number and small size of individual centers and sponsors of day care homes participating in States directly administered by FNS Regional Offices, adequate review of participating sponsors requires extensive FNS staff resources. The Summer Food Service Program also continues to place heavy demands on Federal personnel due to the short term of the program and because FNS must directly administer the program in six States.

In Fiscal Year 1993, FNS directly administered the National School Lunch and School Breakfast Programs for private schools in four States, private residential child care institutions in five States, and public residential child care institutions in two states. In addition, FNS operated the Child Care Food Program in Virginia and, until April, in New York and the Summer Food Service Program in six States (New York, Virginia, Georgia, Michigan, Missouri and California).

During Fiscal Year 1993, FNS performed the following principal activities in the Child Nutrition Programs:

- Conducted a pilot demonstration project to determine the best means of providing year round food assistance to homeless preschool children in shelters. The project was mandated by the Child Nutrition and WIC Reauthorization Act of 1989, P.L. 101-147; and in accordance with the reporting language, the project was initiated with the Archdiocese of Philadelphia, and has been expanded to include 64 organizations serving 93 homeless shelters nationwide. Public Law 102-342, enacted on August 14, 1992 authorized increased funding for the project and made public organizations eligible for it. One public entity is currently participating.
- Conducted two statewide demonstration projects to test eligibility changes in the Child and Adult Care Food Program. Under this project private for-profit centers may participate if they serve a minimum of 25 percent free or reduced price meals to children. The project is examining nutritional improvements, fees charged to low income children, numbers of additional low income children served, budgetary impact of the eligibility change, and effectiveness of State outreach methods. Pursuant to P.L. 101-147, Kentucky and Iowa were the States selected for these projects.
- Developed procedures and systems to evaluate and process cases subject to the Department's Nonprocurement Suspension and Debarment Authority. Liaison relationships have been established with the Department of Justice and Defense Logistics Agency and FNS has initiated additional training of State and local Program cooperators and increased monitoring activities by FNS. Due to an increase in nonprocurement suspension and debarment case-referrals in Fiscal Year 1993, FNS activity with respect to nonprocurement suspension and debarment actions has increased greatly. FNS has received information concerning criminal milk bid-rigging activity on approximately 50 cases of companies and individuals

that may result in a suspension or debarment action. As of January 31, 1994, FNS has taken administrative action in 13 cases in accordance with its authority under the governmentwide Common Rule on Nonprocurement Debarment and Suspension. Two dairies were notified that debarment proceedings would not be initiated due to the protection to FNS programs granted under the Administrative Agreement the companies entered into with the Defense Logistics Agency. FNS intends to continue aggressive action on all cases involving firms or individuals found guilty of milk bid rigging.

- Initiated a major, multi-year effort to improve the nutritional quality of school meals. This effort which will include, among other things, conducting a series of public hearings, soliciting public comment, issuing information to State and local program cooperators, is directed towards bringing school lunches into conformance with the 1990 Dietary Guidelines for Americans.
- Continued ongoing demonstrations in nine school districts testing alternatives to current requirements governing determinations of eligibility for free and reduced price meals, and counting and claiming of those meals for reimbursement. This initiative was authorized under P.L. 101-147.
- Solicited proposals from States for grants to defray nonrecurring costs associated with starting up the School Breakfast Program. Awarded \$5 million to 27 States for the fourth year.
- Effective April 1, 1993, the New York State Department of Health assumed responsibility for administration of the Child & Adult Care Food Program in New York from FNS. FNS now directly administers the CACFP in one state -- Virginia.

The Special Milk Program provides cash to States to subsidize milk served to children in eligible nonprofit schools, child care centers, summer camps and similar institutions that do not participate in other Child Nutrition Programs and in certain schools with split session kindergartens. FNS directly administers the program for outlets in States which do not disburse funds to some participants, and for other outlets where no State agency has assumed administrative responsibility. During Fiscal Year 1993 FNS directly administered the Special Milk Program for private schools, summer camps and other institutions in six States.

Special Commodity Initiatives

FNS, in cooperation with the Agricultural Marketing Service and the Agricultural Stabilization and Conservation Service, initiated a long-term project called the Special Commodity Initiative to improve the distribution and quality of commodities in Child Nutrition Programs. FNS performed the following Special Commodity initiatives during Fiscal Year 1993:

- Implemented changes in operations and procurement cycles to improve inventory management and reduce storage costs.
- Continued the nutrition improvement efforts on the review of current specifications to obtain the lowest possible fat, salt and/or sugar levels while maintaining acceptability, functionality and consistency with dietary guidelines.
- Offered new commodities, such as ribbed-shaped patties, chicken patties, and salsa.
- Continued to improve shipment of commodities through increased use of unitization and better communications.
- Strengthened funds control through documenting and implementing commodity procurement reconciliation procedures within FNS and concluding reconciliation of all outstanding prior years among the three Agencies.

Special Supplemental Food Program for Women, Infants, and Children (WIC)

The WIC Program provides nutritious supplemental foods, nutrition education, and health care referrals through local health clinics to low income pregnant, postpartum, and breastfeeding women, and to infants and children up to five years of age who are found to be at "nutritional risk." FNS provides grant funds to State Departments of Health and others to permit the issuance of supplemental food instruments to eligible participants and pays for specified administrative costs including the cost of nutrition education. FNS also develops the policies, procedures, and standards used in administering the program and monitors State agency operations. In Fiscal Year 1993, the WIC Program was administered by 85 State agencies, including 50 States, 31 Indian agencies and the District of Columbia, Puerto Rico, Guam and the Virgin Islands.

In Fiscal Year 1993, FNS performed the following principal activities:

- Conducted the annual meeting of the National Advisory Council on Maternal, Infant and Fetal Nutrition.
- Conducted a national training meeting on program requirements for the new WIC Farmers Market Nutrition Program.
- Conducted a nationwide technical assistance meeting for WIC State and local program operators on delivering quality nutrition services to a diverse WIC population.
- Issued two final regulations: 1) establishing an enhanced food package for breastfeeding women; 2) delineating WIC's role in screening participants and making referrals to drugs and other harmful substance abuse counseling, treatment and education programs.
- Issued an interim final regulation for USDA solicitation of bids for infant formula rebates.
- Cooperated with DHHS on a number of maternal and child health promotions.
- Conducted a nationwide meeting of WIC Immunization Program Managers along with the Centers for Disease Control and Prevention to promote immunizations among the WIC population.
- Conducted two meetings of the Breastfeeding Consortium, a USDA-established collaborative effort which brings together almost 30 professional health organizations and government agencies on a regular basis to discuss breastfeeding promotion strategies.

Commodity Supplemental Food Program (CSFP)

The Commodity Supplemental Food Program provides supplemental food to low income pregnant, postpartum and breastfeeding women, infants, children up to age six and the elderly. The foods are purchased directly by the Department of Agriculture and are distributed through State and local agencies. Major activities during Fiscal Year 1993 included: Planned and conducted a nationwide technical assistance meeting on current issues and future opportunities in recognition of the silver anniversary of the program; determined of the quantity of food required and the allocation of commodities to meet the requirements; coordinated interagency commodity purchases; conducted program monitoring and review; and assured the allocation of funds to States for administrative costs. During Fiscal Year 1993, the Commodity Supplemental Food Program was operated through 20 State agencies.

Food Donations Programs for Selected Groups

Commodity programs which provide direct assistance to persons in need include: the Food Distribution Program on Indian Reservations, the Nutrition Program for the Elderly, and Soup Kitchen/Food Banks assistance.

- Food Distribution Program on Indian Reservations (FDPIR)

FNS acquires and distributes agricultural commodities to needy persons and families on Indian reservations through FDPIR provided they do not receive food stamps. Cash assistance is also provided to help finance the administrative cost of operating the program.

The Food Stamp Act of 1977, which requires that a food distribution program be operated on Indian reservations that request it, also allows the Indian reservations to run FDPIR provided they meet specified administrative criteria. FNS provides the training and other assistance as needed.

Training and other assistance provided to new reservations are primarily directed toward basic program operations, while the assistance given to more experienced reservations concentrates on the enhancement of program management.

- Nutrition Program for the Elderly

The Nutrition Program for the Elderly provides commodities and cash-in-lieu of commodities for meals served in senior citizen centers and similar settings where participants can also receive social and rehabilitative services. The management and operation of this program is in the Administration on Aging (AOA) of the Department of Health and Human Services (DHHS). The meals served are the focal

point for the nutrition projects which have the dual objectives of promoting better health and reducing the isolation that may occur in old age. The activities performed by FNS are receiving and processing States' orders for commodities and providing the commodities and cash-in-lieu of commodities.

- Soup Kitchen/Food Banks

Pursuant to the Hunger Prevention Act of 1988, Public Law 100-435, \$32 million was appropriated for Fiscal Year 1993 to purchase, process, and distribute commodities to soup kitchens and food banks. In Fiscal Year 1993, approximately 51.7 million pounds of commodities valued at \$32 million were purchased and made available to States for distribution to soup kitchens and food banks.

Surplus Commodity Donations to Charitable Institutions and Summer Camps

The Surplus Commodity Donations Program provides commodities to nonprofit charitable institutions serving needy persons and to summer camps for children. These commodities are provided under section 416 Commodity Credit Corporation price support operations and section 32 surplus removal activities. Among the charitable institutions receiving donated commodities are homes for the elderly, hospitals, soup kitchens, meals-on-wheels programs, and orphanages that do not participate in one of the Child Nutrition Programs. FNS works through State agencies to provide these commodities. FNS furnishes administrative and program assistance to the cooperating State agencies and also develops the policies, procedures and standards used in administering the programs and determining eligibility.

The Emergency Food Assistance Program

FNS allocates administrative funds and commodities to States based on the number of unemployed persons and the number of persons with incomes below the poverty level within each State. During Fiscal Year 1993, FNS distributed \$45 million for administration and \$161.3 million worth of commodities were purchased and donated including \$42.3 million of one-time assistance for the purchase of commodities under P.L. 102-552. In addition, \$63.3 million worth of surplus commodities from the Commodity Credit Corporation were donated.

Nutrition and Technical Services Support of Program Operations

The Nutrition and Technical Services staff provides technical support to FNS programs in the areas of nutrition science, nutrition education, food service management, and food/science technology. Nutritionists and food technologists at the Agency headquarters provide assistance and information to State and local agencies administering FNS programs.

During Fiscal Year 1993, the following activities were accomplished:

- Revised publication, Nutrition Guidelines for the Child Nutrition Programs, continues to be requested. The publication has been translated into Spanish and will soon be available to States and local schools.
- Continued to provide oversight and direct assistance services to the National Food Service Management Institute including participating in Board meetings and providing technical assistance to the Institute.
- Reviewed over 5,800 Child Nutrition (CN) labels. Continued conversion of CN labeling program to new software.
- Prepared final rule to approve the use of the Protein Digestibility corrected Amino Acid Score method to determine protein quality of enriched macaroni products with fortified protein used in the Child Nutrition Programs.
- Provided on-going technical assistance to the Food Distribution Division reviewing commodity specifications and State Operation Commodity contracts. Participated in a Task Force consisting of members from FNS, Agricultural Marketing Service and industry on future buys.
- Prepared final rule for competitive foods, replacing USRDA's with RDI's.
- Published a public notice in the Federal Register of Nutrient Standard Menu Planning demonstration project. Received 126 applications from volunteer school districts to participate. Signed a cooperative agreement with HNIS to develop a National Nutrient Database for Child Nutrition Programs. Continued to work with California State Agency on development of training materials for the demonstration. Implementation is scheduled for September 1994.

- Signed a Cooperative Agreement with Penn State University for the development and standardization of more than 50 new recipes for the National School Lunch and National Breakfast Programs. The project is to be completed in June 1994.
- Completed the development of the Infant Nutrition and Feeding Reference Handbook for Nutritionists and Health Counselors in the WIC and CSF Programs.
- Coordinated efforts to explore recruitment and retention strategies for nutritionists in Federal Child Nutrition Programs. Co-sponsored, along with several national organizations, the first of two workshops to discuss current difficulties and develop recruitment/retention strategies. A second workshop is planned for January 1994.
- Developed poster, pamphlet and fact sheets for use in promoting breastfeeding for children participating in the Child and Adult Care Food Program.
- Assisted with the planning, organizing and implementing of the 1993 National WIC Nutrition Services Conference.
- Planned and conducted the Annual Regional WIC Nutritionists Meeting in conjunction with the National WIC Nutrition Services Conference.
- Planned and conducted a National Nutrition Education and Training (NET) Conference which introduced the NET Strategic Plan for Nutrition Education.
- Awarded a contract for developing State NET Needs Assessment Guidelines. Guidelines should be available in January 1994.
- Signed a Memorandum of Understanding with the Food Stamp Program (FSP), assuming responsibility for developing a nutrition education plan for the FSP over the next three years.
- Tested household-size commodity recipes to be part of a "recipe file" used in conjunction with printed materials distributed in the commodity programs.
- Served on the Advisory Committee for the Padres Hispanic En Accion Head Start Project. Video and printed materials have been developed. Implementation through the NET Program is scheduled for 1994.

Regional Operations

Along with its headquarters in Alexandria, Virginia, FNS maintains seven regional offices, 80 field locations (field and satellite) and 3 ROAP offices (2 seasonal). In addition, there are six Food Stamp Compliance offices, four outstationed Administrative Review Offices and one computer support center in Minneapolis which report directly to headquarters.

The regional offices supervise the 80 field locations whose mission is to ensure compliance in the Food Stamp Program and provide various review and support services for the other food assistance programs. Each regional office provides leadership and direction in implementing FNS program policy, develops operational planning and strategy, maintains cooperative working relationships with State agencies, and executes State corrective actions when necessary. A regional office or field office may also directly administer programs for schools and residential child care institutions where State educational agencies do not administer the program, as well as programs in child care institutions and summer program sites where no State agency has assumed administrative responsibility. Because of its location, the Caribbean Area office (a field office in Puerto Rico) performs many Regional office functions including all the on-site review work for Puerto Rico and the Virgin Islands. Similarly the Hawaii field office does the same for the Pacific Islands.

The regional office sites and the States currently in each region are as follows:

Northeast Region

Boston, Massachusetts
Connecticut
Maine
Massachusetts
New Hampshire
New York
Rhode Island
Vermont

Southwest Region

Dallas, Texas
Arkansas
Louisiana
New Mexico
Oklahoma
Texas

Mid Atlantic Region

Robbinsville, New Jersey
 Delaware Puerto Rico
 District of Columbia Virginia
 Maryland Virgin Islands
 New Jersey West Virginia
 Pennsylvania

Mountain Plains Region

Denver, Colorado
 Colorado Nebraska
 Iowa North Dakota
 Kansas South Dakota
 Missouri Utah
 Montana Wyoming

Southeast Region

Atlanta, Georgia
 Alabama Mississippi
 Florida North Carolina
 Georgia South Carolina
 Kentucky Tennessee

Western Region

San Francisco, California
 Alaska Nevada
 American Samoa Northern Marianas
 Arizona Oregon
 California Freely Associated
 Guam States
 Hawaii Washington
 Idaho

Midwest Region

Chicago, Illinois
 Illinois Minnesota
 Indiana Ohio
 Michigan Wisconsin

Financial Management Initiatives

During Fiscal Year 1993, FNS executed the following financial management initiatives:

- Increased its oversight of the expansion of Electronic Benefit Transfer (EBT) projects. Training programs were completed for FNS Regional Office staff and an important evaluation of the New Mexico and Ramsey County EBT systems was published. State activity increased dramatically to approximately 35 States having some level of EBT activity--from early planning to actual operations.
- Continued to increase collections of delinquent food stamp recipient claims by expanding the Federal Income Tax Refund Offset Program. Seven states were added to the two which began the program. Through the end of Fiscal Year 1993, collections for the nine participating States totaled more than \$8 million.
- Continued to emphasize error reduction as a high priority issue. Activities in this regard have included: (1) letters from Secretary Espy to the 15 highest error rate States urging a stronger commitment to payment accuracy; (2) technical support through the Regional Offices and with the help of State Exchange funds to implement successful error reduction strategies; and (3) the awarding of demonstration grants to test the effectiveness of specific payment accuracy initiatives in high issuance areas.
- Continued to stress the importance of complying with the provisions of the Prompt Payment Act. During Fiscal Year 1993, the Agency processed 2,228 vouchers valued at \$10,127,293. Only \$588 in interest penalties were assessed.
- Continued the objective to install the Agency Financial Management System (AFMS) which replaces the Agency's accounts receivable, accounts payable, and Grants Management subsystems. After receiving the partial funding in Fiscal Years 1991 and 1992 the AFMS core accounting systems was implemented on schedule (October 1992) within Budget Division. This made FNS one of the first agencies to have implemented a new core accounting system that meets the Joint Financial Management Improvement Project (JFMIP) standards and requirements. Plans are to complete the development and implementation of AFMS subsystems (Grants Management, budget formulation, administrative funds, and performance measurement), and to provide on-going maintenance and support of the core system. No additional funding was specifically earmarked for AFMS development in the FY 1993 budget, although further work was necessary. AFMS maintenance and enhancements were required, as well as continued development of the grants management module.

Debt Management

Debts owed to FNS arise from several sources, such as:

- Audits, investigations and management evaluations of State and local agencies and nonprofit institutions which receive funding from FNS.
- Investigations of retailers and wholesalers participating in the Food Stamp Program, including assessment of civil penalties for program abuse and recoveries for improper redemption of food stamps.
- Losses of commodities which were transferred to commercial food processors prior to being shipped to States and losses of commodities distributed to States.
- Food Stamp coupons lost from State and local inventories, and losses resulting from State coupon issuances by mail.
- Claims against Food Stamp recipients for improper benefits.
- Claims against State agencies for erroneous issuances of food stamp coupons, and for error rates in State food stamp coupon issuance.
- Claims against school food authorities for meals charged inappropriately.

Highlights of Debt Management
Fiscal year 1992 - Fiscal Year 1993
(\$ Millions)

Debt Management (Excluding
Food Stamp Recipient Claims):

	<u>1992</u>	<u>1993</u>
Accounts receivable, ending balance	47.9	61.1
Collections	33.4	44.8
Litigation	21.1	38.6
Past Due	2.8	14.0

Food Stamp Recipient Claims:

Accounts receivable, ending balance	722.4	819.6
Collections	106.1	100.0

Debt collection accomplishments include:

- Increased collection agency referrals by 75 percent from the previous year to \$3.5 million.
- Increased receivables billed to \$96.1 million; almost 62 percent greater than Fiscal Year 1992.
- Increased collections received by 34 percent from the previous year due in part to a \$9.4 million payment from New York for Food Stamp administrative costs.
- Increased accounts on installment payment schedules by 85 percent from Fiscal Year 1992 to \$14.4 million.

Administrative Management Initiatives:

Information Resources Management

During Fiscal Year 1993 FNS continued to update its technologies and systems in support of Agency goals. Major activities included:

- Nearly all of the software systems identified in the FNS Software Renewal Program have been newly redesigned and are either on-line or nearing completion. The aggressive redesign of the 66 major software systems supporting financial areas, Special Nutrition Programs, and the Food Stamp Program has proceeded on schedule. The redesign was done so they could proceed relatively independently in order to minimize the risks of such extensive software development efforts.

- FNS has completed Stages 1 and 2 of the Food Stamp Program Integrated Information System (FSPIIS), implementing all of the Food Stamp forms received from grantees and project areas. This implementation also included the Coupon Requisition and Inventory Management Subsystem (CRIMS). The Store Tracking and Redemption Subsystem (STARS) became operational in October 1993. STARS is an extension of the earlier Redemption Accountability Program (RAP) project which greatly improved the accountability of food coupons within the banking system. RAP and STARS are intended to provide vastly improved accountability support for the Agency's immense Redemption Account. Design, development, and implementation of a number of functional enhancements to STARS are planned during Fiscal Year 1994. The Special Nutrition forms received from State agencies, distributing agencies, and local agencies have also been implemented in the Special Nutrition Program Integrated Information System (SNPIIS) using a stages implementation strategy.
- The Agency proceeded with the development and implementation of State Connectivity (SCDEX) capability for Food Stamp and Child Nutrition Program reports. This initiative permits the electronic exchange of management information.
- Other software activities include the design and development of the Disqualified Recipient Subsystem (DRS). This subsystem provides a data base and software needed to support the collection and management of data on disqualified recipients throughout the United States. FNS has entered into an agreement with the Social Security Administration to use its File Transfer Management System as the network to transport DRS data. It will also support State queries into the data base via voice response units. State agencies are being phased into DRS during Fiscal Year 1993 and 1994.
- Under the current design of the Processed Commodities Inventory Management System (PCIMS), States mail orders to FNS regional offices where they are keyed into the system. States call FNS for information on the status of their orders and on the amount of benefits available. FNS plans to modify the system to allow states to input their portion of the order and to check on status information electronically. In addition, the system is being extensively modified to improve funds control and tri-agency accounting (Agricultural Stabilization and Conservation Service, Agricultural Marketing Service, and FNS).
- Purchased additional microcomputers for FNS headquarters, regional and field office staff.
- Installed fourteen 486 file servers throughout Park Center and installed one 486 file server in each regional office.
- Reviewed and concurred with approval for \$67.3 million from 19 Advanced Planning Documents (APD) for State systems development, implementation, and operations. Participated in the review of planning documents for EBT projects for 25 states.
- Processed 220 administrative printing requisitions. Reviewed and processed 35 information collection packages for OMB review and approval.
- Conducted FNS-wide Forms Reduction Campaign, eliminating 29 FNS forms. Created 8 new forms and revised 16 FNS forms on automated workstations. Automated 64 FNS, USDA, and Standard Forms.
- Conducted active records reduction program for the Agency. Issued FNS Notice Records Reduction Campaign-Operation Clean Sweep on June 23, 1993, resulting in 450 cubic feet of records removed.
- Conducted an annual review of FNS directives to cancel obsolete directives and revise outdated directives, resulting in 11 cancellations, 7 revisions, and over 100 slated for cancellation/updating during Fiscal Year 1994.
- Processed approximately 500 Freedom of Information Act requests and actions. Processed approximately 100 Privacy Act actions.
- Reviewed and processed 318 directives amounting to 2,814 pages.
- Reviewed and processed for publication in the Federal Register 103 regulations.

Personnel/Work Force Diversity

During Fiscal Year 1993, a number of programs and initiatives occurred throughout the Agency to create a more diversified work force as follows:

- Funded three minority students under the Federal Junior Fellowship Program in the Washington, D.C. area and 13 minority students out of 20 students funded under the Cooperative Education Program.
- Employed three minority students under the Summer Intern Program.
- Employed 66 Stay-In-School students that were minorities out of a total of 79 students employed.
- Established service agreements with the Office of Worker's Compensation Program (OWCP) and OWCP recipients and provided on-the-job training to two OWCP recipients.
- Sponsored a student under the 1890/National Scholars Program.
- Fully implemented the Mentor/Protege Program.
- Provided \$30,000 start-up money to the World Food Distribution Training Center of Excellence of Prairie View University. The Center selected one of the Agency's senior managers to serve on its Board of Directors.
- Awarded five capacity-building grants to 1890 Land Grant Universities. Participated in the D.C. Summer Youth Program and hired 12 minority students.
- Provided mentors to the Department's adopted school in Washington, D.C., Van Ness Elementary School.
- Participated in regional summer youth programs and served as mentors in local schools.
- Developed an Agency orientation program for new employees.
- Converted all Food Program Specialist, GS-120 positions to the Program Specialist, GS-301, and Program Analyst, GS-343 series to broaden recruitment sources and advancement opportunities for present employees.
- Provided Sexual Harassment Training to over 800 employees in FNS and HNIS.

GENERAL PROVISIONS

The estimates include General Provisions language as follows (new language underscored; deleted matter enclosed in brackets):

Section 701: Provides authority for the purchase, replacement, and hire of passenger motor vehicles. The following changes are proposed in this section for 1995:

- 1 Sec. 701. Within the unit limit of cost fixed by law, appropriations and
- 2 [1994] 1995 under this Act shall be available for the purchase, in addition to
- 3 those specifically provided for, of not to exceed [657] 706 passenger motor
- vehicles, of which [653] 705 shall be for replacement only, and for the hire of
- such vehicles.

The first change adds language making this section of the General Provisions applicable to fiscal year 1995.

The second and third changes revise the total number of passenger motor vehicles to be acquired in fiscal year 1995. The estimates propose the acquisition of 706 passenger motor vehicles. Of this amount, 705 would be acquired to replace existing vehicles and one would be an addition to the fleet. The one additional vehicle is for the National Agricultural Statistics Service to provide transportation to meet increased field activities.

Section 702: Provides that funds available to the Department of Agriculture shall be available for uniforms or uniform allowances.

Sec. 702. Funds in this Act available to the Department of Agriculture shall be available for uniforms or allowances therefor as authorized by law (5 U.S.C. 5901-5902).

Section 703: Provides that not less than \$1,500,000 of the appropriations of the Department for research and service work authorized by the Acts of August 14, 1946, July 28, 1954, and (7 U.S.C. 427, 1621-1629) and by chapter 63 of title 31, United States Code, shall be available for contracting in accordance with these Acts.

Sec. 703. Not less than \$1,500,000 of the appropriations of the Department of Agriculture in this Act for research and service work authorized by the Acts of August 14, 1946 and July 28, 1954, and (7 U.S.C. 427, 1621-1629), and by chapter 63 of title 31, United States Code, shall be available for contracting in accordance with said Acts and chapter.

Section 704: Prohibits the use of funds in this Act to make production or other payments to a party who harvest or knowingly permit to be harvested, for illegal use, drugs on lands owned or controlled by the party.

[Sec. 704. Hereafter, none of the funds available to the Department of Agriculture may be used to make production or other payments to a person, persons, or corporations upon a final finding by court of competent jurisdiction that such party is guilty of growing, cultivating, harvesting, processing or storing marijuana, or other such prohibited drug-producing plants on any part of lands owned or controlled by such persons or corporations.]

This change deletes the entire section 704. Language in the fiscal year 1994 Appropriations Act established permanent authority prohibiting the use of funds to make production or other payments to a party who harvest or knowingly permit to be harvested, for illegal use, drugs on lands owned or controlled by the party. Therefore, this section is no longer necessary.

Section 705: Provides a limitation on the cumulative total of transfers to the Working Capital fund for the purpose of accumulating growth capital for data services and National Finance Center operations.

Sec. [705] 704. The cumulative total of transfers to the Working Capital Fund for the purpose of accumulating growth capital for data services and National Finance Center operations shall not exceed \$2,000,000: Provided, That no funds in this Act appropriated to an agency of the Department shall be transferred to the Working Capital Fund without the approval of the agency administrator.

This change renumbers the section due to the deletion of a previous section.

Section 706: Provides that certain funds are to remain available until expended.

- 1 Sec. [706] 705. New obligational authority provided for the following appropriation items in this Act shall remain available until expended (7 U.S.C. 2209b): Animal and Plant Health Inspection Service, the contingency fund to meet emergency conditions, and Integrated Systems Acquisition Project;
- 2 [Agricultural Stabilization and Conservation Service, salaries and expenses funds made available to county committees; Foreign Agricultural Service, Middle-Income Country Training Program; higher education graduate fellowships grants under section 1417(b)(6) of the National Agricultural Research, Extension and Teaching Policy Act of 1977, as amended (7 U.S.C. 3152(b)(6)); and capacity building grants to colleges eligible to receive funds under the Act of August 30, 1890, including Tuskegee University.]
- 3 [New obligational authority for the Boll Weevil Program; and up to 10 per centum of the Screwworm Program of the Animal and Plant Health Inspection Service; funds] Funds appropriated for Rental Payments; and higher education minority scholars programs under section 1417(b)(5) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977, as amended (7 U.S.C. 3152(b)(5)) shall remain available until expended.

The first change renumbers the section due to the deletion of a previous section.

The second and third changes delete language which permits funds for certain programs to remain available until expended. Funding for these programs is expected to be completely obligated in fiscal year 1995, therefore, the language is not necessary.

Section 707: Provides that no part of any appropriation in this Act shall remain available for obligation beyond the current fiscal year unless expressly so provided herein.

Sec. [707] 706. No part of any appropriation contained in this Act shall remain available for obligation beyond the current fiscal year unless expressly so provided herein.

This change renumbers the section due to the deletion of previous sections.

Section 708: Provides a limitation on the amount of funds available to provide orientation and language training for families of officers and employees of the Department in anticipation of an assignment abroad of such officers and employees or while abroad, pursuant to Public Law 94-449.

Sec. [708] 707. Not to exceed \$50,000 of the appropriations available to the Department of Agriculture in this Act shall be available to provide appropriate orientation and language training pursuant to Public Law 94-449.

This change renumbers the section due to the deletion of previous sections.

Section 709: Limits the negotiated indirect cost rates on cooperative agreements between the Department and nonprofit institutions to 10 per centum of the value of the agreement.

Sec. [709] 708. No funds appropriated by this Act may be used to pay negotiated indirect cost rates on cooperative agreements or similar arrangements between the United States Department of Agriculture and nonprofit institutions in excess of 10 per centum of the total direct cost of the agreement when the purpose of such cooperative arrangements is to carry out programs of mutual interest between the two parties. This does not preclude appropriate payment of indirect costs on grants and contracts with such institutions when such indirect costs are computed on a similar basis for all agencies for which appropriations are provided in this Act.

This change rennumbers the section due to the deletion of previous sections.

Section 710: Enables the Secretary of Agriculture to provide commodities to individuals in certain hardship situations.

Sec. [710] 709. Notwithstanding any other provision of this Act, commodities acquired by the Department in connection with Commodity Credit Corporation and section 32 price support operations may be used, as authorized by law (15 U.S.C. 714c and 7 U.S.C. 612c), to provide commodities to individuals in cases of hardship as determined by the Secretary of Agriculture.

This change rennumbers the section due to the deletion of previous sections.

Section 711: Limits the expenditure of appropriated funds for space rental and related costs to that level included in the 1994 budget.

[Sec. 711. None of the funds in this Act shall be available to reimburse the General Services Administration for payment of space rental and related costs in excess of the amounts specified in this Act; nor shall this or any other provision of law require a reduction in the level of rental space or services below that of fiscal year 1993 or prohibit an expansion of rental space or services with the use of funds otherwise appropriated in this Act. Further, no agency of the Department of Agriculture, from funds otherwise available, shall reimburse the General Services Administration for payment of space rental and related costs provided to such agency at a percentage rate which is greater than is available in the case of funds appropriated in this Act.]

This change deletes the entire section 711. The 1995 budget contains sufficient funds to reimburse GSA for the full rental payment amount, therefore, this language is no longer needed.

Section 712: Establishes minimum staff year floors for certain agencies.

[Sec. 712. None of the funds provided in this Act may be used to reduce programs by establishing an end-of-year employment ceiling on full-time equivalent staff years below the level set herein for the following agencies: Food and Drug Administration, 9,824; Farmers Home Administration, 12,225; Agricultural Stabilization and Conservation Service, 2,550; Rural Electrification Administration, 550; and Soil Conservation Service, 14,177.]

This change deletes the entire section 712. This change is proposed to permit the Secretary of Agriculture and the Commissioner of the Food and Drug Administration the flexibility needed to carry out programs of USDA and FDA in the most efficient and effective manner.

Section 713: Funds may be applied only to the objects for which appropriations were made.

Sec. [713] 710. Funds appropriated by this Act shall be applied only to the objects for which appropriations were made except as otherwise provided by law, as required by 31 U.S.C. 1301.

This change renumbers the section due to the deletion of previous sections.

Section 714: No funds are to be available to restrict the Commodity Credit Corporation from leasing space for its own use or to lease space for others when the space will be jointly occupied.

Sec. [714] 711. None of the funds in this Act shall be available to restrict the authority of the Commodity Credit Corporation to lease space for its own use or to lease space on behalf of other agencies of the Department of Agriculture when such space will be jointly occupied.

This change renumbers the section due to the deletion of previous sections.

Section 715: Prohibits the release of information acquired in connection with the administration of marketing orders, other than aggregate data.

[Sec. 715. Hereafter, none of the funds available to the Department of Agriculture may be expended to release information acquired from any handler under the Agricultural Marketing Agreement Act of 1937, as amended: Provided, That this provision shall not prohibit the release of information to other Federal agencies for enforcement purposes: Provided further, That this provision shall not prohibit the release of aggregate statistical data used in formulating regulations pursuant to the Agricultural Marketing Agreement Act of 1937, as amended: Provided further, That this provision shall not prohibit the release of information submitted by milk handlers.]

This change deletes the entire section 715. The fiscal year 1994 Appropriations Act permanently authorized this section, therefore, it is no longer necessary to include this section.

Section 716: Prohibits the use of private debt collection agencies by the Farmers Home Administration to collect delinquent payments from borrowers.

[Sec. 716. Unless otherwise provided in this Act, none of the funds appropriated or otherwise made available in this Act may be used by the Farmers Home Administration to employ or otherwise contract with private debt collection agencies to collect delinquent payments from Farmers Home Administration borrowers.]

This change deletes the entire section 716. This change is requested in order to permit the Secretary, his policy staff and program managers the flexibility needed to carry out the efficient operation of these programs.

Section 717: No funds made available under the Act shall be used to sell loans made by the Agricultural Credit Insurance Fund; and Rural Development Insurance Fund loans offered for sale in fiscal year 1994 shall be first offered to the borrowers for prepayment.

[Sec. 717. None of the funds in this Act, or otherwise made available by this Act, shall be used to sell loans made by the Agricultural Credit Insurance Fund. Further, Rural Development Insurance Fund loans offered for sale in fiscal year 1994 shall be first offered to the borrowers for prepayment.]

This change deletes the entire section 717. The fiscal year 1995 budget does not include sales of loans made by the Agricultural Credit Insurance Fund nor does it include any Rural Development Insurance Fund loan sales.

Section 718: Prohibits the use of funds to establish any new office, organization or center, if funds have not been provided in advance.

[Sec. 718. None of the funds in this Act may be used to establish any new office, organization, or center for which funds have not been provided in advance in Appropriations Acts, except the Department may carry out planning activities.]

This change deletes the entire section 718. This change is requested in order to permit the Secretary the flexibility needed to carry out the programs of the Department in the most efficient and effective manner.

Section 719: Places a prohibition on the use of funds to pay indirect costs on research grants competitively awarded by the Cooperative State Research Service that exceed a specified level of direct costs.

[Sec. 719. None of the funds in this Act shall be available to pay indirect costs on research grants awarded competitively by the Cooperative State Research Service that exceed 14 per centum of total Federal funds provided under each award.]

This change deletes the entire section 719. This change is requested in order to permit the Secretary the flexibility needed to carry out the programs of the Department in the most efficient and effective manner.

Section 720: Provides that subsidy authority for certain loan programs remain available until expended.

- 1 Sec. [720] 712. Appropriations to the Department of Agriculture for the cost of
- 2 direct and guaranteed loans made available in fiscal [years 1992, 1993, and
- 3 1994] year 1995 shall remain available until expended to cover obligations
- 4 made in fiscal [years 1992, 1993, and 1994] year 1995 for the following
- accounts: Rural Development Insurance Fund Program Account; Rural
- Development Loan Fund Program Account; the Rural Telephone Bank
- Program Account; the Rural Electrification and Telephone Loans Program
- Account; and the Rural Economic Development Loans Program Account:
- [Provided, That hereafter, such appropriations are authorized to remain
- available until expended.]

The first change renumbers the section due to the deletion of previous sections.

The second and third changes make this section applicable to fiscal year 1995.

The fourth change deletes language which permanently authorizes these items to remain available until expended, therefore, this language is no longer necessary.

Section 721: Provides all loan levels shall be considered estimates not limitations.

[Sec. 721. Notwithstanding any other provisions of this Act, all loan levels provided in this Act shall be considered estimates, not limitations.]

This change deletes the entire section 721. This change is requested in order to control the amount of loans being made by USDA agencies.

Section 722: Prohibits funding to operate the seven regional offices of the Rural Development Administration beyond a specified date.

[Sec. 722: Notwithstanding any other provision of this Act, none of the funds in this Act may be used to operate the seven regional offices of the Rural Development Administration after April 1, 1994.]

This change deletes the entire section 722. The regional offices will be closed by the specified date, therefore the language is no longer necessary.

Section 723: Limits Market Promotion Program funding, and provides that none of the funds may be used to carry out a Market Promotion Program with respect to tobacco subsidies.

- 1 Sec. [723] 713. None of the funds appropriated or otherwise made available by this Act shall be used to pay the salaries of personnel who carry out a Market Promotion Program pursuant to section 203 (7 U.S.C. 5623) of the Agricultural Trade Act of 1978 with respect to tobacco subsidies or if the aggregate amount of funds and/or commodities under such program
- 2 exceeds [\$100,000,000] \$75,000,000.

The first change renumbers the section due to the deletion of previous sections.

The second change deletes the amount approved for fiscal year 1994 and inserts the amount requested for fiscal year 1995.

Section 724: Prohibits funds to be used to enroll more than 75,000 acres in the Wetlands Reserve Program.

[Sec. 724. None of the funds appropriated or otherwise made available by this Act shall be used to enroll in excess of 75,000 acres in the Wetlands Reserve Program, as authorized by 16 U.S.C. 3837.]

This change deletes the entire section 724. Funding for this program is requested in fiscal year 1995.

Section 725: Prohibits funds to be used to enroll additional acres in the Conservation Reserve Program.

Sec. [725] 714. None of the funds appropriated or otherwise made available by this Act shall be used to enroll additional acres in the Conservation Reserve Program, as authorized by 16 U.S.C. 3831-3845.

This change renumbers the section due to the deletion of previous sections.

Section 726: Absorption of fiscal year 1994 pay raises.

- 1/2 Sec. [726] 715. Such sums as may be necessary for fiscal year [1994] 1995 pay raises for programs funded by this Act shall be absorbed within the levels appropriated in this Act.

The first change renumbers the section due to the deletion of previous sections.

The second change makes the provision applicable to fiscal year 1995.

Section 716: Prohibits the use of section 32 funds for the promotion of sunflower and cotton seed oil exports.

Sec. 716. Notwithstanding any other provision of law, no funds available under section 32 of the Act of August 24, 1935 (7 U.S.C. 612c) shall be used in fiscal year 1995 for the purposes authorized by section 301(b)(2) of P.L. 101-387, as amended by P. L. 101-624 (7 U.S.C. 1464 note).

This change adds new language in the fiscal year 1995 budget, prohibiting the use of section 32 funds for the promotion of sunflower and cotton seed oil exports. These activities will be continued through initiatives for sales of vegetable oils under the Export Enhancement Program.

Section 717: Prohibits funds to be used to place a limitation or alter a limitation on interest rates charged borrowers of the Rural Electrification Administration.

Sec. 717. None of the funds provided in this or any appropriations act for fiscal year 1995 or thereafter shall be available for administering any limitation

on the interest rate charges to borrowers under sections 305(c)(2), 305(d)(2), or 306(c) of the Rural Electrification Administration.

This change proposes new language that would eliminate the 7 percent interest rate cap on REA municipal rate, telephone Treasury rate, and refinanced FFB loans. This will allow the government to charge the prevailing interest rate.

Section 727: Requires that programs funded in the Act comply with the "Buy American Act."

[Sec. 727. (a) Compliance With Buy American Act. -- None of the funds made available in this Act may be expended by an entity unless the entity agrees that in expending the funds the entity will comply with sections 2 through 4 of the Act of March 3, 1933 (41 U.S.C. 10a-10c; popularly known as the "Buy American Act").

(b) Sense of Congress; Requirement Regarding Notice. --

(1) Purchase of American-Made Equipment and Products. -- In the case of any equipment or product that may be authorized to be purchased with financial assistance provided using funds made available in this Act, it is the sense of the Congress that entities receiving the assistance should, in expending the assistance, purchase only American-made equipment and products.

(2) Notice To Recipients Of Assistance. -- In providing financial assistance using funds made available in this Act, the head of each Federal agency shall provide to each recipient of the assistance a notice describing the statement made in paragraph (1) by the Congress.

(c) Prohibition Of Contracts With Persons Falsely Labeling Products As Made In America. -- If it has been finally determined by a court or Federal agency that any person intentionally affixed a label bearing a "Made in America" inscription, or any inscription with the same meaning, to any product sold in or shipped to the United States that in not made in the United States, the person shall be ineligible to receive any contract or subcontract made with funds available in this Act, pursuant to the debarment, suspension, and ineligibility procedures described in section 9.400 through 9.409 of title 48, Code of Federal Regulations.]

This change deletes the entire section 727. This change is requested in order to permit the Secretary, his policy staff and program managers the flexibility needed to carry out the efficient operation of USDA programs.

Section 728: Prohibits the use of funds for price support of honey above a specified amount.

[Sec. 728. (a) None of the funds appropriated or otherwise made available by this Act shall be used by the Secretary of Agriculture to provide a total amount of payments to a person to support the price of honey under section 207 of the Agricultural Act of 1949 (7 U.S.C. 1446h) and section 405A of such Act (7 U.S.C. 1425a) in excess of \$0 in the 1994 crop year.

(b) Notwithstanding any other provision of this Act, none of the funds appropriated or otherwise made available by this Act shall be used by the Secretary of Agriculture to provide for a total amount of payments and/or total amount of loan forfeitures to a person to support the price of honey under section 207 of the Agricultural Act of 1949 (7 U.S.C. 1446h) and section 405A of such Act (7 U.S.C. 1425a) in excess of zero dollars in the 1994 crop year.]

This change deletes the entire section 728. This change is requested in order to permit the Secretary, his policy staff and program managers the flexibility needed to carry out the efficient operation of these programs.

Section 729: Negates the effect of Section 712.

[Sec. 729. Section 712 of this Act shall have no effect.]

This change deletes the entire section 729. Section 712 is proposed for deletion, therefore it is not necessary to retain this section.

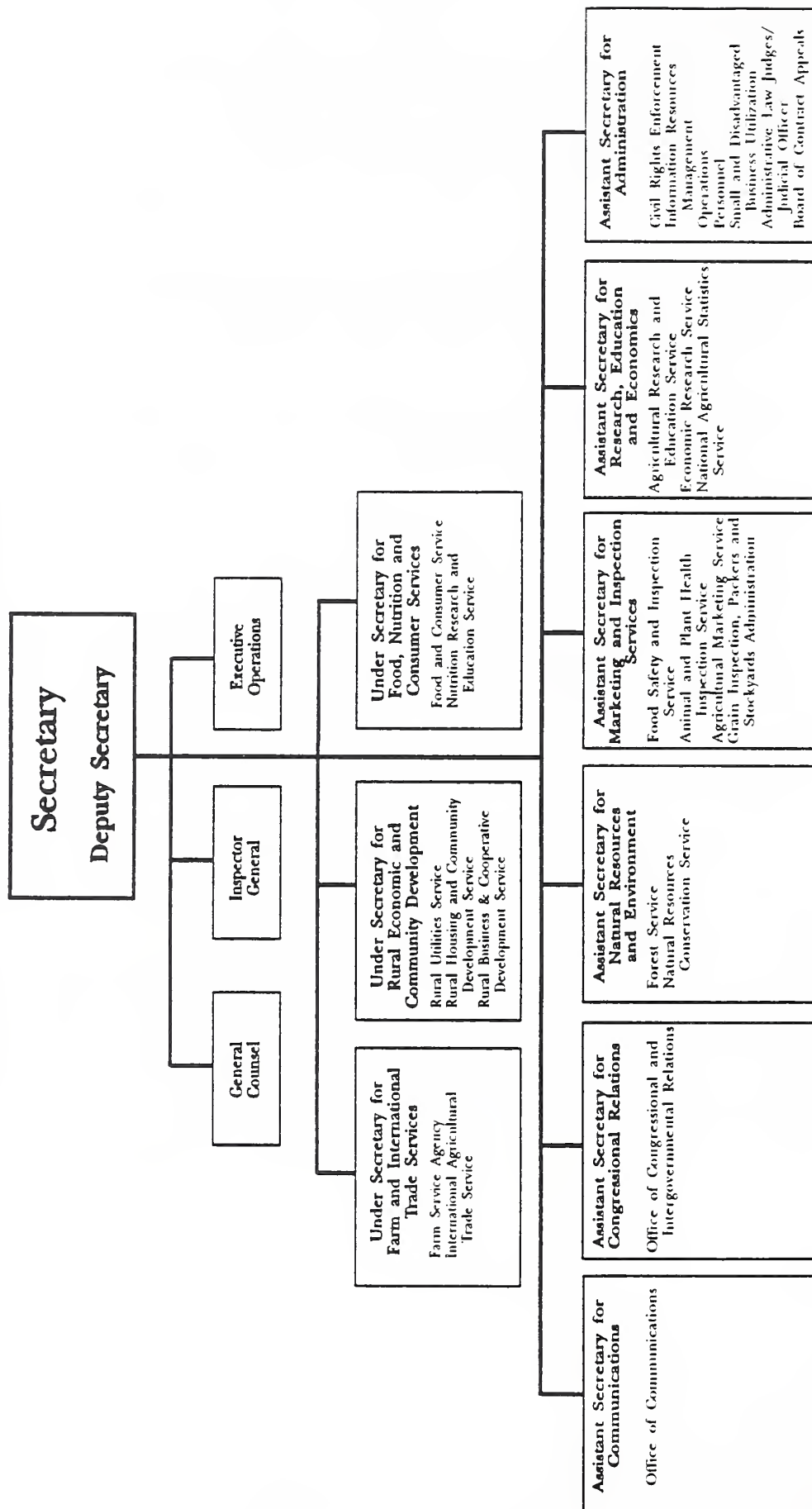
REORGANIZATION

The 1995 budget reflects Secretary Espy's Reorganization Plan which is an ambitious proposal to reorganize the Department to improve customer service and save the taxpayers' money. In fact, it is clearly the most ambitious reorganization proposal ever undertaken by the Department and considering the diversity of the Department's programs and its far-flung field structure, it may be the most ambitious reorganization effort undertaken in the Federal Government. The Secretary's plan has four key objectives:

- Refocus and simplify the Department's headquarters structure. The responsibilities of subcabinet officers and agencies will be restructured on a mission-oriented basis. At the same time the headquarters structure will be simplified by reducing the number of agencies from 43 to 29. (See organization chart that follows.)
- Improve accountability and service to customers by reforming the Department's management support systems. Departmental oversight will be strengthened, technology will be used more effectively, and duplicative support staffs will be consolidated.
- Reform the Department's field structure. For the Department's county-based operations plans have been developed to close or consolidate over 1,100 county offices to create a system of approximately 2,500 Field Office Service Centers providing one-stop shopping for USDA customers. Other field structures are also under review. Proposals have been developed to close or consolidate the Department's lower priority research laboratories and a number of offices in various USDA agencies. Additional proposals will be made as reviews are completed.
- Reduce costs. The Secretary's plan will also substantially reduce USDA costs. It is estimated that the Secretary's plan will enable the Department to reduce its Federal employment by over 7,500 staff years and its non-Federal county staffing by over 1,160 staff years by 1998. Over the 1994 to 1998 period the Department will save \$1.4 billion in personnel costs and \$1.2 billion by reducing other administrative costs. (See tables that follow for more detail.)

While many aspects of the Secretary's proposals can be achieved within current law, there are a number of key components which require legislation. These components include some of the important structural changes such as the creation of the Farm Service Agency, the reform of the appeals process, the consolidation of conservation programs, and important enabling proposals such as the Administration's "buy out" legislation. Achieving Congressional approval of the necessary legislation early this year is a high priority. The following pages provide a copy of the new USDA organization chart and a summary of the savings which will result from the Secretary's proposals.

U.S. Department of Agriculture Proposed Headquarters Organization



REORGANIZATION

Under Secretary for Farm and International Trade Services

Farm Service Agency

Includes Agricultural Stabilization and Conservation Service, except for conservation cost-share programs (which are transferred to the new Natural Resources Conservation Service) and the National Appeals Division (which is transferred to Executive Operations); the Farmers Home Administration's farm programs; and the Federal Crop Insurance Corporation.

International Agricultural Trade Service

Includes the Foreign Agricultural Service and the Office of International Cooperation and Development. No change from current structure.

PROJECT STATEMENT – PROPOSED ORGANIZATION STRUCTURE

	1993		1994		Increase or Decrease	1995	
	Estimated	Staff— Years	Estimated	Staff— Years		Estimated	Staff— Years
	Amount		Amount			Amount	
Farm Service Agency:							
From Agricultural Stabilization and Conservation Service							
Salaries and Expenses.....	\$750,543,000	3,381	\$781,576,000	3,305	-14,319,000	\$767,257,000	3,225
Credit Reform Transfers:							
P.L. 480 Program Account.....	1,036,000	25	1,036,000	25	+18,000	1,054,000	18
CCC Export Loans Program Account...	589,000	14	589,000	14	+11,000	600,000	11
Total, Credit Reform Transfers.....	1,625,000	39	1,625,000	39	+29,000	1,654,000	29
From Farmers Home Administration							
ACIF program account.....	215,712,000	3,855	261,158,000	3,374	-49,670,000	211,488,000	3,355
From Federal Crop Insurance Corporation							
Salaries and Expenses.....	92,696,000	789	73,399,000	814	-1,206,000	72,193,000	814
Delivery Expenses.....	216,672,000	-0-	216,123,000	-0-	-3,057,000	213,066,000	-0-
Total available or estimate.....	1,277,248,000	8,064	1,333,881,000	7,532	-68,223,000	1,265,658,000	7,423
Less transfer from program accounts	-217,337,000	-3,894	-262,783,000	-3,413	49,641,000	-213,142,000	-3,384
Total, Appropriation, Farm Service Agency.....	1,059,911,000	4,170	1,071,098,000	4,119	-18,582,000	1,052,516,000	4,039

EXPLANATION OF PROGRAM

The Farm Service Agency will consolidate farm program related operations from three agencies and perform administrative support activities for the International Agricultural Trade Service. By consolidating administrative support services under the direction of the Under Secretary for Farm and International Trade Services, the reorganization proposal will streamline operations, avoid duplication and reduce overhead expenses.

The FSA will administer farm programs related to commodity price support, production adjustment, farm credit, crop insurance and commodity purchases and disposition, storage and warehouse licensing activities.

Total non-federal County office staff years included in the new FSA are as follows:

	Ongoing Programs	Disaster Activities	Total
1993—	13,317	1,366	14,683
1994—	13,438	1,412	14,850
1995—	12,560	0	12,560

SUMMARY OF INCREASES/DECREASES (On Basis of Available Funds)	
Total, Available, Farm Service Agency, FY 1994.....	1,071,098,000
Pay Cost.....	+8,657,000
Equipment and ADP Related Services.....	-10,042,000
Other 1/.....	-4,586,000
Reorganization Savings.....	-12,611,000
(Staff Year Reductions/Administrative Savings)	
Total, Available, Farm Service Agency, FY 1995.....	1,052,516,000

1/ Includes a decrease of \$3,057,000 for delivery expenses to reinsured companies and a decrease of \$1,529,000 terminating the Agency Sales and Service Contracts and Loss Adjustments program activities.

REORGANIZATION

Under Secretary for Rural Economic and Community Development

Rural Utilities Service

Includes the Rural Electrification Administration's electric and telephone programs and the Rural Development Administration's water and sewer programs.

Rural Housing and Community Development Service

Includes the Farmers Home Administration's rural housing programs and the Rural Development Administration's and the Rural Electrification Administration's rural community lending programs.

Rural Business and Cooperative Development Service

Includes the Rural Development Administration's and the Rural Electrification Administration's business development programs; Alternative Agricultural Research and Commercialization; and the Agricultural Cooperative Service.

RURAL ECONOMIC AND COMMUNITY DEVELOPMENT

EXPLANATION OF PROPOSED REORGANIZATION

The funds appropriated for "Salaries and Expenses" for the Farmers Home Administration (FmHA) will be transferred to four separate agencies under the Secretary's Reorganization plan; the funds associated with the farm credit programs will be transferred to the Farm Service Agency. Three new agencies will be created to administer the housing, community and business programs. The three agencies will have specific responsibilities for providing assistance to rural utilities, rural businesses and cooperatives, individuals and families needing housing assistance to communities needing essential facilities. Each new agency will be allowed to concentrate its resources and develop the expertise necessary to meet its responsibilities. The administrative support functions will be consolidated into a single unit within the Rural Housing and Community Development Service. The consolidation of administrative functions is consistent with the Administration's efforts to streamline the functions and activities of the Federal government. The reorganization of the programs is as follows:

- o The Rural Utilities Service (RUS) will be responsible for administering the water and waste disposal programs and solid waste management grant program of the Rural Development Administration (RDA) and the electric and telephone loan programs and the distance learning and medical link grant program presently administered by the Rural Electrification Administration.
- o The Rural Housing and Community Development Service (RHCDS) will be responsible for administering the FmHA housing loan and grant programs and the community facilities loan and grant programs administered by RDA.
- o The Rural Business and Cooperative Development Service (RBCDS) will be responsible for administering the RDA business and industry loan guarantee program, intermediary re-lending program, rural business enterprise grants and the Rural Electrification Administration's economic development loan and grant programs. RBCDS will also include the functions of the present Agricultural Cooperative Service and the Alternative Agriculture Research Center.

Each of the three agencies will have a national office and field offices. A single State Director will be responsible for the operation of the three agencies. Decision making, including loan and grant approvals, in most cases, will be delegated to the lowest level. The present field structure consists of 47 state offices, 7 regional offices, 252 district offices, and 1,718 county offices. Under the reorganization and streamlining proposals the field offices will consist of 47 state office, no regional offices, 200 district offices, and 1,200 county offices. Where feasible the field offices will be collocated at USDA Service Centers which will also house offices of the Farmer Service Agency.

Consistent with the President's commitment to reduce the number of Federal employees, the staff year ceiling under the new reorganization will be reduced from 9,469 in 1993 to 9,269 in 1995. The reduction will be attained through increased efficiencies gained through the consolidation of offices, and improved data processing and telecommunications.

RURAL UTILITIES SERVICE
PROJECT STATEMENT—PROPOSED REORGANIZATION
(On basis of loans and subsidies)

Item of Change	1994 Appropriated		1995 Estimated	
	Loan Level	Subsidy BA	Loan Level	Subsidy BA
<u>LOANS, GRANTS & SUBSIDIES</u>				
<i>From Rural Electrification Administration:</i>				
Rural Electrification Loans:				
Direct, REA1/	\$125,000,000	\$20,375,000	\$25,000,000	\$2,363,000
Direct, Treasury Rate.....	— —	— —	500,000,000	350,000
Direct, Municipal Rate	600,000,000	46,020,000	200,000,000	16,000,000
Direct, FFB	300,000,000	3,090,000	275,000,000	413,000
Total, Electric	1,025,000,000	69,485,000	1,000,000,000	19,126,000
Rural Telephone Loans:				
Direct, REA1/	100,000,000	12,891,000	— —	— —
Direct, Treasury Rate.....	198,000,000	40,000	236,287,000	47,000
Direct, FFB	120,000,000	— —	118,143,000	— —
Total, Telephone	418,000,000	12,931,000	354,430,000	47,000
Rural Telephone Bank:				
Direct, Cost of Funds	199,847,000	3,118,000	— —	— —
Direct, Treasury Rate	— —	— —	175,000,000	35,000
Total, RTB	199,847,000	3,118,000	175,000,000	35,000
Total Loans & Subsidies	1,642,847,000	85,534,000	1,529,430,000	19,208,000
Distance Learning and Medical Link Grants	10,000,000	10,000,000	5,000,000	5,000,000
Total REA Programs to RUS.....	1,652,847,000	95,534,000	1,534,430,000	24,208,000
<i>From Rural Development Admin / Farmers Home Administration</i>				
Water and Sewer Facility Loans:				
Direct Loans	834,193,000	115,786,000	976,853,000	136,466,000
Guaranteed Loans	35,250,000	— —	— —	— —
Subtotal, Water & Sewer Fac.	869,443,000	115,786,000	976,853,000	136,466,000
Watershed and Flood Prevention:				
Direct Loans	4,000,000	— —	4,215,000	— —
Resource Conservation and Development: Direct Loans				
600,000	— —	632,000	— —	— —
Rural Telecommunication Partnership Loans				
— —	— —	15,000,000	636,000	— —
Total Loans & Subsidies	874,043,000	115,786,000	996,700,000	137,102,000
Grants:				
Water and Waste Disposal Grants ...	500,000,000	500,000,000	525,000,000	525,000,000
Solid Waste Management Grants	3,000,000	3,000,000	3,200,000	3,200,000
Emergency Community Water Assistance Grants	10,000,000	10,000,000	— —	— —
Total Grants	513,000,000	513,000,000	528,200,000	528,200,000
Total RDA/FmHA Programs to RUS	1,387,043,000	628,786,000	1,524,900,000	665,302,000
TOTAL RUS LOANS, GRANTS & SUBSIDIES	3,039,890,000	724,320,000	3,059,330,000	689,510,000

1/ Two requests have been submitted to the Congress to rescind a total of \$12,133,000 in subsidy budget authority. The first request was \$6,445,000 for direct 5% telephone loans and the second request was \$2,300,000 for direct 5% telephone loans and \$3,388,000 for direct 5% electric loans.

RURAL UTILITIES SERVICE
PROJECT STATEMENT—PROPOSED REORGANIZATION
(On basis of appropriated funds)

Item of Change	1994 Estimated		1995 Estimated	
	Amount	Staff-Years	Amount	Staff-Years
<u>ADMINISTRATIVE EXPENSES</u>				
From Rural Electrification Administration	\$38,776,000	517	\$38,339,000	509
From FmHA/RDA	15,156,000	373	19,164,000	377
Total, RUS Administrative Expenses	53,932,000	890	57,503,000	886

RURAL UTILITIES SERVICE

SUMMARY OF INCREASES AND DECREASES - PROPOSED REORGANIZATION

(On basis of appropriated funds)

Item of Change	1994 Estimated	Pay Cost	Staff-Year Reduction	Other Changes	1995 Estimated
Administrative Expenses:					
From Rural Electrification Administration	\$38,776,000	+ \$321,000	- \$550,000	- \$208,000	\$38,339,000
From Farmers Home Administration/Rural Development Admin.	15,156,000	+ 172,000	- 120,000	+ 3,956,000	19,164,000
Total, RUS Administrative Expenses	53,932,000	+ 493,000	- 670,000	+ 3,748,000	57,503,000

RURAL HOUSING AND COMMUNITY DEVELOPMENT SERVICE
Salaries and Expenses
SUMMARY OF INCREASES AND DECREASES--PROPOSED LEGISLATION

FY 1994 Available..... 421,207,200 1/

Items of Change:

Pay Costs	4,001,000
Staff Year Reduction	(3,493,200)
Other Changes	29,252,000

FY 1995 Request..... 450,967,000 1/

1/ Excludes miscellaneous reimbursements of \$575,000 in FY 1994 and \$790,000 in FY 1995.

Explanation of Other Changes:

The increase in FY 1995 is mainly attributable to a shift in workload and related resources. In FY 1994, farm program resources were proportionately higher than housing. However, in FY 1995, resources are being allocated based on revised workload requirements. This results in housing programs receiving a larger share of the available resources. In addition, the new Rural Housing and Community Development Service will be the lead agency responsible for providing administrative support to the new Rural Utilities Service and the Rural Business and Cooperative Development Service, including accounting and administrative support for the farm programs being transferred to the Farm Service Agency.

PROJECT STATEMENT--PROPOSED REORGANIZATION
(on basis of adjusted appropriation)

	FY 1994 Estimate		Increase or Decrease	FY 1995 Estimate	
	Amount	Staff Years		Amount	Staff Years
Rural Housing and Community Development Service:					
Salaries and Expenses:					
From the Farmers Home Administration:					
Direct Appropriation.....	34,083,590	632	8,010,410	42,094,000	716
Self-Help Housing Land Development Fund Program Account.....	14,000	--	--	14,000	--
Rural Development Insurance Fund Program Account.....	20,891,610	307	3,483,390	24,375,000	377
Rural Housing Insurance Fund Program Account.....	366,218,000	6,894	18,266,000	384,484,000	6,617
Agricultural Credit Insurance Fund Program Account..1/.....	--	245	--	--	245
Subtotal, Available or Estimate.....	421,207,200	8,078	29,759,800	450,967,000	7,955
Program Loan Costs:					
From the Farmers Home Administration:					
Rural Housing Insurance Fund Program Account.....	21,906,000	--	(6,343,000)	15,563,000	--
Rural Development Insurance Fund Program Account.....	819,000	--	(455,000)	364,000	--
Subtotal, Program Loan Costs.....	22,725,000	--	(6,798,000)	15,927,000	--
Total, Available or Estimate.....	443,932,200	8,078	22,961,800	466,894,000	7,955
Funded from Other Accounts.....	409,848,610	7,446	14,951,390	424,800,000	7,239
Total Appropriation.....	34,083,590	632	8,010,410	42,094,000	716

Note: Excludes miscellaneous reimbursements of \$575,000 in FY 1994 and \$790,000 in FY 1995.

1/ Funding in FY 1994 of \$16,926,805 and in FY 1995 of \$14,393,015 for the 245 staff-years support is included in the transfer from the Agricultural Credit Insurance Fund Program Account to the Farm Service Agency. An interagency agreement will be established to reimburse the Rural Housing and Community Development Service for administrative support services provided to the Farm Service Agency.

RURAL HOUSING AND COMMUNITY DEVELOPMENT SERVICE
 Project Statement – Proposed Reorganization
 (On basis of appropriated loan levels and subsidies)
 (In thousands of dollars)

Item of change	1994 Appropriated		1995 Estimated	
	Program Level	Subsidy	Program Level	Subsidy
From Farmers Home Administration:				
RURAL HOUSING LOANS:				
Single Family Housing (sec 502):				
Direct loans subsidized 1/.....	\$1,800,000	\$354,135	\$1,800,000	\$165,600
Guaranteed loans unsubsidized.....	750,000	12,225	1,300,000	22,360
Guaranteed loans subsidized.....	--	--	--	--
Rural Rental Housing (sec 515).....	540,107	309,967	220,000	115,500
Housing Site Development (sec 524).....	600	0	632	0
Very Low Income Repair (sec 504).....	35,000	13,671	35,000	11,690
Farm Labor Housing (sec 514).....	16,300	8,394	16,482	8,193
Credit Sales of Acquired Property.....	133,000	20,242	175,776	14,484
Self-Help Housing Land Development.....	622	23	603	11
Subtotal, Rural Housing Loans.....	3,275,629	718,657	3,548,493	337,838
HOUSING GRANTS & PAYMENTS:				
Very Low-Income Housing Repair.....	25,000	25,000	25,000	25,000
Farm Labor Housing.....	11,000	11,000	11,000	11,000
Mutual and Self-Help Housing.....	12,750	12,750	12,750	12,750
Supervisory and Technical Assistance.....	2,500	2,500	2,500	2,500
Compensation for Construction Defects.....	500	500	500	500
Rural Housing Preservation.....	23,000	23,000	23,000	23,000
Rural Housing Voucher Program.....	25,000	25,000	25,000	25,000
Rural Rental Assistance Payments.....	446,694	446,694	523,008	523,008
Subtotal, Rural Housing Grants.....	546,444	546,444	622,758	622,758
Total, Housing Programs.....	3,822,073	1,265,101	4,171,251	960,596
From Rural Development Administration:				
RURAL DEVELOPMENT LOANS:				
Rural Development Insurance Fund:				
Community Facility:				
Direct Loans.....	225,000	21,723	300,000	28,500
Guaranteed Loans.....	75,000	3,803	75,000	3,728
Total, Rural Development Loans.....	300,000	25,526	375,000	32,228
RURAL GRANTS:				
Rural Community Fire Protection.....	3,500	3,500	5,000	5,000
Total, Rural Housing Community Development Service.....	4,125,573	1,294,127	4,551,251	997,824

1/ Program level and subsidy level for sec. 502 direct loans include funding for both subsidized and unsubsidized loans.

NOTE – FY 1994 subsidy column represents appropriated amounts and does not reflect proposed rescission of \$15,645,000. (sec. 502 direct: –\$1,515,000; sec. 504: –\$1,204,000; sec. 514: –\$483,000; sec. 515: –\$12,443,000)

– Spending authority from offsetting collections in the amount of \$13,000,000 for FY 1995, derived from a proposed 1% guarantee loan origination fee, shall be used for administrative expenses.

RURAL BUSINESS AND COOPERATIVE DEVELOPMENT SERVICE
Salaries and Expenses
SUMMARY OF INCREASES AND DECREASES--PROPOSED LEGISLATION

FY 1994 Available..... 28,893,000 1/

Items of Change:

Pay Costs	210,000
Staff Year Reduction	(198,800)
Other Changes	(2,117,200)

FY 1995 Request..... 26,787,000 1/

1/ Excludes miscellaneous reimbursements of \$112,000 in FY 1994 and \$155,000 in FY 1995 and user fees of \$450,000 in FY 1995.

Explanation of Other Changes:

In support of the President's Executive Order to reduce administrative expenses, the Agency plans to reduce such items as training, ADP initiatives, and the Rural Circuit Rider program.

PROJECT STATEMENT--PROPOSED REORGANIZATION
(on basis of adjusted appropriation)

	FY 1994 Estimate		Increase or Decrease	FY 1995 Estimate	
	Amount	Staff Years		Amount	Staff Years
Rural Business and Cooperative Development Service:					
Salaries and Expenses:					
From the Farmers Home Administration:					
Direct Appropriation.....	8,061,410	124	165,590	8,227,000	135
Rural Development Insurance Fund Program Account.....	18,313,590	269	(2,967,590)	15,346,000	247
Rural Development Loan Fund Program Account.....	1,476,000	31	696,000	2,172,000	35
From the Alternative Agricultural Research and Commercialization Center	1,042,000	11	--	1,042,000	11
Subtotal, Available or Estimate.....	28,893,000	435	(2,106,000)	26,787,000	428
Program Loan Costs:					
From the Farmers Home Administration:					
Rural Development Insurance Fund Program Account.....	45,000	--	(25,000)	20,000	--
Rural Development Loan Fund Program Account.....	5,000	--	--	5,000	--
Subtotal, Program Loan Costs.....	50,000	--	(25,000)	25,000	--
Total, Available or Estimate.....	28,943,000	435	(2,131,000)	26,812,000	428
Funded from Other Accounts.....	20,881,590	311	(2,296,590)	18,585,000	293
Total Appropriation.....	8,061,410	124	165,590	8,227,000	135

RURAL BUSINESS AND COOPERATIVE DEVELOPMENT SERVICE
PROJECT STATEMENT – PROPOSED LEGISLATION
(On basis of appropriated loan levels and subsidies)

Item of Change	1994 Appropriated		1995 Estimated	
	Program Level	Subsidy BA	Program Level	Subsidy BA
From Rural Electrification Administration:				
Loan Programs:				
Rural Economic Development Loans:				
Direct loans.....	13,025,000	3,423,000	12,865,000	3,077,000
Grants:				
Economic Development Grants 1/.....	29,607,000	(29,607,000)	9,600,000	(9,600,000)
Total REA Programs to RBCDS.....	42,632,000	3,423,000	22,465,000	3,077,000
From Rural Development Administration:				
Rural Development Loans:				
Rural Development Insurance Fund:				
Business and Industry loans:				
Guaranteed loans unsubsidized	249,381,000	2,319,000	1,116,344,000	10,605,000
Rural Development Loan Fund:				
Direct loans.....	100,000,000	56,000,000	125,000,000	65,313,000
Alcohol Fuels Credit Guarantee Program:				
Guaranteed loans 2/.....	18,610,000	9,000,000	0	0
Total loans.....	367,991,000	67,319,000	1,241,344,000	75,918,000
Rural Grants:				
Rural Business Enterprise Grants.....	42,500,000	42,500,000	50,000,000	50,000,000
Local Technical Assist and Planning Grants.....	0	0	5,000,000	5,000,000
Rural Technology and Cooperative Development Grants.....	0	0	5,000,000	5,000,000
Total grants.....	42,500,000	42,500,000	60,000,000	60,000,000
Total RDA Programs to RBCDS.....	410,491,000	109,819,000	1,301,344,000	135,918,000
From Alternative Agriculture Research and Commercialization Center:				
Alternative Agriculture Research and Commercialization Grants.....	7,958,000	7,958,000	7,958,000	7,958,000
Total AARCC Programs to RBCDS.....	7,958,000	7,958,000	7,958,000	7,958,000
TOTAL RBCDS LOANS, GRANTS & SUBSIDIES.....	461,081,000	121,200,000	1,331,767,000	146,953,000

1/ Section 313 of the Rural Electric Act provides REA the authority to make grants with the earnings generated by the interest differential on voluntary cushion of credit payments made by REA borrowers.

2/ The funds were appropriated in FY 1993 and remain available until expended, but not beyond FY 2009.

REORGANIZATION

Under Secretary for Food, Nutrition and Consumer Services

Food and Consumer Service

Includes the Food and Nutrition Service and the Office of the Consumer Advisor. No change from current structure.

Nutrition Research and Education Service

Includes the Human and Nutrition Information Service. No change from current structure.

Assistant Secretary for Natural Resources and Environment

Natural Resources Conservation Service

Includes the Soil Conservation Service and the Agricultural Stabilization and Conservation Service's cost-share programs.

Forest Service

No change.

Assistant Secretary for Marketing and Inspection Services

Food Safety and Inspection Service

No change.

Animal and Plant Health Inspection Service

No change.

Agricultural Marketing Service

No change.

Grain Inspection, Packers and Stockyards Administration

Includes the Federal Grain Inspection Service and the Packers and Stockyards Administration.

REORGANIZATION

Assistant Secretary for Research, Education and Economics

Agricultural Research and Education Service

Includes the Agricultural Research Service, Cooperative State Research Service, Extension Service, and National Agricultural Library. No change from current structure.

Economic Research Service

Includes the Economic Research Service and the Office of Energy. No change from current structure.

National Agricultural Statistics Service

No change.

Assistant Secretary for Administration

Civil Rights Enforcement

No change except Small and Disadvantaged Business Utilization becomes a separate staff office.

Information Resources Management

No change.

Operations

No change.

Personnel

No change.

Small and Disadvantaged Business Utilization Enforcement

Becomes a separate staff office.

Administrative Law Judges/Judicial Officer

No change.

Board of Contract Appeals

No change.

REORGANIZATION

Assistant Secretary for Congressional Relations

Office of Congressional and Intergovernmental Relations

Includes Congressional Relations Staff and the Office of Intergovernmental Affairs (which was previously part of the Office of Public Affairs).

Assistant Secretary for Communications

Office of Communications

Includes the Office of Public Affairs, except the Office of Intergovernmental Affairs which will be transferred to the Office of Congressional Relations.

General Counsel

Office of the General Counsel

No change.

Inspector General

Office of the Inspector General

No change.

REORGANIZATION

Executive Operations

Chief Economist

Includes the Assistant Secretary for Economics, the World Agricultural Outlook Board, and the Economic Analysis Staff.

Office of Budget and Program Analysis

No change.

Office of the Executive Secretariat

No change.

National Appeals Division

Includes the Agricultural Stabilization and Conservation Service Appeals Division; the Farmers Home Administration Appeals Division; the Soil Conservation Service Appeals Staff and the Federal Crop Insurance Corporations Appeals Staff.

Chief Financial Officer

Includes the Office of Finance and Management. The Assistant Secretary for Administration served as the Chief Financial Officer until December 1993.

OFFICE OF EXECUTIVE OPERATIONS
PROJECT STATEMENT - PROPOSED REORGANIZATION

Item of Change	1994 Estimated		Increase or Decrease	1995 Estimated	
	Amount	Staff Years		Amount	Staff Years
Office of Executive Operations:					
Chief Financial Officer:					
From the Office of the Secretary (CFO). . . .	\$575,000	5	+\$5,000	\$580,000	5
From Departmental Administration (OFM)	4,466,000	76	+814,000	5,280,000	87
From the Working Capital Fund:					
National Finance Center	(117,061,000)	(1,506)	(+417,000)	(117,478,000)	(1,451)
Total, Chief Financial Officer.	5,041,000	81	+819,000	5,860,000	92
Chief Economist:					
From the Office of the Secretary (Economics)	586,000	5	+7,000	593,000	5
From the Economic Analysis Staff.	668,000	7	+12,000	680,000	7
From the World Agricultural Outlook Board.	2,566,000	34	+65,000	2,631,000	34
Total, Chief Economist	3,820,000	46	+84,000	3,904,000	46
Office of Budget and Program Analysis:	\$5,881,000	74	+\$18,000	\$5,899,00	74
Executive Secretariat:					
From the Working Capital Fund:					
Executive Secretariat.	(1,940,000)	(21)	(+12,000)	(1,952,000)	(21)
National Appeals Division:					
From the Agricultural Stabilization and Conservation Service.	1,248,000	22	--	1,248,000	22
From the Farmers Home Administration for farmer programs. . .	8,037,000	120	-19,000	8,018,000	115
From the Federal Crop Insurance Corporation	593,773	11	+9,501	603,274	11
Total, National Appeals Division. . .	9,878,773	153	-9,499	9,869,274	148
Total, Appropriation, Executive Operations . . .	24,620,773	354	+911,501	25,532,274	360

EXPLANATION OF CHANGE

Executive Operations, which provides executive support to the Office of the Secretary, will be comprised of the following Offices: (1) Office of the Chief Financial Officer, which has the responsibility to direct and oversee the financial management of the Department; (2) Office of the Chief Economist, which has the responsibility for providing economic and other social science analysis for improving the

performance of agriculture and rural America and serves as the focal point for the Nation's economic intelligence related to domestic and international food and agriculture; (3) Office of Budget and Program Analysis, which has the responsibility for coordinating the preparation of Departmental budget estimates and legislative reports, administering systems for the allotment and apportionment of funds; providing policy, program, and budgetary analysis of USDA programs and proposals; and providing staff assistance to USDA agencies in meeting their responsibilities for the development and review of regulations; (4) Office of the Executive Secretariat, which provides referral and correspondence control services for the Office of the Secretary and the Department; and (5) the National Appeals Division, which combines the appeals divisions of current FmHA farmer programs, ASCS and FCIC. The National Finance Center in New Orleans, Louisiana, and the Office of the Executive Secretariat are financed through the Department's Working Capital Fund.



